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PART XI.

FURTHER CORRESPONDENCE

RESPECTING THE

AFFAIRS OF PERSIA.

July to September 1907.

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ERRATA.

- Page 153, No. 156, line 1. For "4th instant" read "4th ultimo."
 Page 80, No. 88, line 1. For "No. 84 of to-day" read "No. 84 of the 18th July."
 Page 160, No. 180, line 2. For "23rd instant" read "3rd instant."
 Page 185, No. 227. Heading should read "Sir Edward Grey to Sir A. Nicolson."
 Page 194, No. 246, line 1. For "9th instant" read "19th instant."
 Page 199, Inclosure in No. 247, line 2. For "15th instant" read "14th instant."
 Page 297, No. 356, line 9. For "god faith" read "good faith."
 Page 297, No. 359, line 1. For "No. 185 of the 12th instant" read "No. 186."

17*	India Office	July 1, 1907	Mohammerah-Borasjum telegraph. Transmits correspondence with Major Cox and note by Mr. Kirk. Suggests line should be brought under control of Indo-European Department, half cost being borne by Indian revenues. Inquires if Persians are likely to grant further privileges to foreigners	391
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[This paper should have appeared in Part X as No. 212*, p. 198.]

[20040]

No. 242*.

India Office to Foreign Office.—(Received June 17.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of letter from the Foreign Secretary to the Government of India, dated the 18th April, with inclosures, relative to the trade in red oxide from the Island of Hormuz.

India Office, June 15, 1907.

Inclosure 1 in No. 242*.

Government of India to India Office.

(Confidential.)

Simla, April 18, 1907.

PLEASE see my letter of the 21st February regarding the contract between Messrs. Strick and Co. and the Moin-ut-Tujjar for the export of red oxide from Hormuz. I inclose a copy of correspondence with Major Cox on the subject, of which three papers have already been sent to you with my letter dated the 14th February last.

We propose to postpone offering any opinion on the matter until we have received any remarks that Sir C. Spring-Rice may wish to make with regard to Major Cox's letter of the 18th February, of which a copy has been forwarded to Tehran.

Major Cox is no doubt right in thinking that it is politically important, at the present juncture, to prevent Germany from obtaining a foothold in the Persian Gulf. I will write again as soon as we hear from Sir C. Spring-Rice.

The copies of the original Agreements, which accompanied your letter of the 28th December, are returned herewith as desired.

(Signed) L. DANE.

Inclosure 2 in No. 242*.

Government of India to Major Cox.

(Confidential.)

Fort William, January 14, 1907.

I AM desired to forward a copy of a letter from the Secretary, Political Department, India Office, dated the 21st December, 1906, with inclosures, regarding a contract between Messrs. F. C. Strick and Co., and the Moin-ut-Tujjar, for the sale of the output of red oxide of iron, mined on the Island of Hormuz.

Will you kindly send us a report on the facts as soon as possible with any remarks that you may have to offer?

The previous papers were sent to you under our confidential endorsement dated the 22nd November, 1905.

Inclosure 3 in No. 242*.

Mr. Wood to Major Cox.

(Confidential.)

My dear Cox,

Foreign Office, Calcutta, February 28, 1907.

IN continuation of my demi-official letter dated the 14th January, 1907, regarding a contract between Messrs. Strick and Co. and the Moin-ut-Tujjar for the sale of the output of red oxide mined on the Island of Hormuz, I inclose herewith a copy of a

further demi-official letter from the Secretary, Political Department, India Office, dated the 28th December, 1906, with inclosure. The two Agreements referred to therein are inclosed in original. Kindly return these latter papers with the Report asked for in my demi-official letter of the 14th January, 1907.

Yours sincerely,
(Signed) J. B. WOOD.

Inclosure 4 in No. 242*.

Major Cox to Mr. Wood.

My dear Wood,

PLEASE see your demi-official letter dated the 28th February, regarding Messrs. Strick's contract with the Moin-ut-Tujjar. It crossed my letter of the 18th February on the same subject to you.

As requested, I return the originals of the two Agreements herewith, retaining copies of them for my record.

The permission given by paragraph 3 of the first document to ship to Russia is interesting, but otherwise I have no special comment to offer, on the terms of the Agreements.

Yours sincerely,
(Signed) P. Z. COX.

Inclosure 5 in No. 242*.

Government of India to Major Cox.

(Telegraphic.)

Calcutta, March 22, 1907.

STRICK'S contract. Please refer to your letter dated the 18th February, 1907. Please forward to Legation copy of the correspondence. In connection with the Hormuz industry, have you any special remarks to offer on question of political objections to development of German enterprise?

Inclosure 6 in No. 242*.

Major Cox to Government of India.

(Telegraphic.)

Bushire, March 25, 1907.

HORMUZ. Your demi-official telegram of the 22nd. Please see remarks regarding Abu Musa at conclusion of my letter, dated the 29th November, which apply equally to Hormuz.

I had in mind the fact that political influence follows commercial, and the presumption that Germany aims to create basis for eventually assuming same attitude as she took up in regard to Morocco. There are also probably strategical objections to Germany getting footing at Hormuz, though these are perhaps remote.

Inclosure 7 in No. 242*.

Major Cox to Government of India.

(Confidential.)

At Sea, February 18, 1907.

IN your demi-official letter, dated the 14th January, I was asked to report upon the existing position in regard to the export trade in red oxide from the Island of Hormuz, in connection with a representation made to His Majesty's Government by Messrs. F. C. Strick and Co.

2. The following seem to be the three main questions brought out by the correspondence accompanying your letter on which information is desired:—

(1.) As to whether or not Messrs. Strick's operations in connection with the export of red oxide have any bearing upon the arms traffic, or are used in any way to facilitate it.

(2.) As to the measures best calculated to preserve the bulk of the trade in British hands.

(3.) As to the nature of the assistance which may be required by Messrs Strick, supposing that they are not able to remove all the oxide which they may have paid for, and have lying at Hormuz at the end of 1907, in the event of their failing to obtain suitable terms from the Moin for 1908.

3. The first of these questions may, I think, be dismissed forthwith; there being to the best of my belief no grounds for apprehending that the enterprise has any bearing on or connection with the arms traffic, or is likely to have.

4. Before offering suggestions under the second or third heads, I request perusal of the accompanying Memorandum, in which I have recorded a summarized history of the oxide trade and Concessions since 1890, and a statement of the existing position according to information obtained confidentially from Mr. T. Malcolm now agent for Messrs. Strick and Co., and formerly a holder, in partnership with a local Persian, of the Hormuz Concession.

Supposing, as I think we may, that the facts are generally as stated by Mr. Malcolm, the chief problem for consideration is as to whether Messrs. Strick have the best chance of keeping the trade in their own and out of German hands (1) by working in with the Moin, or (2) by endeavouring to circumvent him.

In favour of the former course, which is the one I incline to, lies the fact that the Moin is now very rich and consequently commands powerful influence in Tehran.

Turning to the second alternative, it would seem possible from what Mr. Malcolm says, though not probable, that at the present moment the Moin is exploiting Hormuz under the provisions of a document which has just expired or is about to do so; and that the Persian Government may, conceivably, welcome an opportunity of getting another competitor in the field as a set-off to the Moin.

As to whether the document in question has or has not fallen in, or as to the precise terms of it, we have no information so far as I am aware, and it is in any case important that this deficiency should be remedied as soon as possible; but as to the primary problem above stated, I fear that any attempt on the part of a British competitor to oust the Moin would in all probability prove abortive, and that in the result Messrs. Strick would incur his active hostility and give him an incentive to throw himself into the hands of the Germans altogether.

It will be seen that Mr. Malcolm, who is in the best position to form a correct opinion, considers that his present tactics are merely those of bluff. I suggest, therefore, that the best plan would be for the Government of India to ask Sir Cecil Spring-Rice in the first instance to endeavour to obtain a copy or ascertain confidentially the terms and date of the Moin's Firman and then discuss the subject with him frankly in continuation of the communication held with him by Mr. Grant Duff in September 1906, impressing on him that if he will treat Messrs. Strick fairly and give him [sic] an extended contract for a period of years, we shall be prepared to support him in securing the continuance of his Concession; whereas under contrary conditions we should necessarily oppose it.

It is, of course, possible that to hold such language with him might have the effect of exciting his rapacity still further, but the likelihood of success can best be gauged by His Majesty's Minister, who is familiar with the man's character and the present extent of his influence.

5. The third consideration, viz., the nature of the assistance which might be required or given under certain circumstances is a comparatively trivial one. If I understand aright, the contingency apprehended is this:

Messrs. Strick have contracted to take 8,000 tons by the 31st December, 1907. After that they are uncertain whether they will be able to accept the Moin's terms. They also contemplate the possibility of being unable to remove the whole of the 8,000 tons contracted for and paid for, by the time their contract terminates, and fear that in the event of their not doing business with him after December 1907, the Moin may resell it or prevent the subsequent removal of it by Messrs. Strick.

With regard to this apprehension I would say, firstly, that if they arrange to sound the Moin in good time as to his terms and intentions for 1908, they should be able to make a point of providing definite arrangements for the removal of their stock by the end of 1907.

Supposing that they failed for genuine reasons to complete their shipments and kept His Majesty's Government informed, it is reasonable to suppose that His Majesty's

Minister in Tehran would by diplomatic representation be able to check any attempt on the part of the Moin to defraud the British Company by any sharp practice.

In conclusion, I venture to recommend that the Government of India postpone their reply to the India Office until they have ascertained the views of Sir Cecil Spring-Rice.

P.S.—February 28, 1907.—The above was written previous to my recent visit to Shargah or to the receipt of Foreign Department letter dated the 11th February, to which a reply is being dispatched under this Office No. 456, dated the 28th February, 1907. Should Messrs. Strick in the sequel obtain the Abu Musa contract, it would presumably strengthen their hands considerably in resisting the Moin's attempt to squeeze them in regard to the Hormuz deposits.

P. Z. C.

Inclosure 8 in No. 242*.

History of the Hormuz Red Oxide Industry since 1890.

MESSRS. F. C. Strick and Co., through their Bushire agents, have been the pioneers of this trade, and their vessels have exported the commodity at all events since 1890–91.

In 1892 local inquiry showed that the cost of the oxide on the spot varied from 7s. 6d. to 10s. per ton, and it was said to fetch from 37s. 6d. to 8l. per ton in Europe, according to quality and demand.

It was then estimated to contain 87 per cent. of iron oxide, and on this account it was claimed by "Persian Bank Mining Rights Corporation" (see Curzon's "Persia," p. 513, vol. II), formed in 1890, but since liquidated, that the exclusive right of working the deposits was covered by the terms of their Concession. It was in this latter connection that the industry first came into prominence.

Thus, it appears that in November 1890, General Hontum Schindler, acting as representative of the Corporation above mentioned, addressed the Persian Grand Vizier complaining that according to a Report received from the Persian Gulf, a Concession for the exclusive working of the red oxide had been granted to one Haji Muhammad Ali, Dubash of Bushire, notwithstanding that the right clearly appertained to the Mining Corporation. The Grand Vizier, Amin-es-Sultan, replied that for many years past the red oxide had been worked and used for painting purposes, the Government taking a royalty from the workers, and that now, simply to obviate difficulty, "the rights have been given to one person, who pays the royalty."

The royalty then paid was stated to be 100 tomans per annum or about 17l.

Although it seems to have been generally agreed that the claim of the Corporation was sound, and the Company took no steps to press their rights, or to take up the export, and subsequently went into liquidation.

Meanwhile, the Concession remained in the hands of Haji Muhammad Ali, who soon became associated in partnership with the British-protected Armenian firm of A. and T. J. Malcolm and Co., of Bushire, and in conjunction they continued to work the Hormuz deposits, their principal, if not sole, export clients, being Messrs. F. C. Strick and Co., for whose steamers Messrs. Malcolm were the Bushire agents.

Before long, however, the Moin-et-Tujjar entered the lists and intrigued to get the Concession transferred to himself, at first with partial success, but later with temporary failure; so much so that in 1897 Messrs. Malcolm succeeded in obtaining in their own name a Royal Firman bearing the Shah's signature under which a lease of the Island of Hormuz was granted to the firm for a period of ten years from the 21st March, 1897. As soon, however, as they attempted to act upon their Firman Messrs. Malcolm were vigorously opposed by the Moin-et-Tujjar, and a lengthy cross-suit ensued between them in Tehran, which was watched, on behalf of Messrs. Malcolm, by Her Majesty's Legation. It transpired that there were three Firmans in existence, and that both parties had had recourse to heavy bribery.

A decision was eventually given by the Grand Vizier in favour of the Moin, the details of which were reported to Her Majesty's Government by the Legation in the Minister's despatch No. 10, dated the 24th January, 1898.

Since that time the Moin has remained in possession unopposed.

It is suggested by Messrs. Malcolm that the Moin is still holding the monopoly under the terms of their own ten years' Concession of 1897 or under those of Haji Jaffer

Allowi's Concession of Shawal 1312 (1895) which was transferred to him, and on which he relied in his suit with Messrs. Malcolm.

It seems more probable, however, that on the conclusion of the suit a new Firman was granted to the Moin, as in June 1898 the Bushire Residency was informed by the Persian Foreign Office Agent at Bushire, that Hormuz, Larak, Bustana, Henjam, &c., had been leased by the Moin. This communication was recently referred to in Residency letter, dated the 24th June, 1906, to the address of the Government of India in connection with the question of the ownership of Larak Island.

About the same time (July) Messrs. Ellinger moved His Majesty's Foreign Office suggesting the possible interference of the Persian Government under foreign pressure, with the Concession of their client the Moin. (*Vide* Legation despatch dated the 12th September, 1906, from Mr. Grant Duff to the Foreign Office.)

The foregoing summary brings the subject up to the present juncture, and Messrs. Strick's recent representation.

As Messrs. Malcolm are Messrs. Strick's agents, and from their intimate connection with and interest in the trade from the beginning are in the best position to gauge the prospects of it, I discussed the present situation confidentially with Mr. Tigrane Malcolm of that firm a few days ago.

In the first place, it is clear that the Moin is now making a very heavy profit out of his Concession. Thus:—

	£	£
1. He has sold to Messrs. Strick during 1907, 8,000 tons, at 2l. 2s. 6d. per ton .. .. ..	..	17,000
2. The cost to him of putting out the oxide is from 4 krans to 5 krans per ton	666	
3. He pays for the Hormuz Larak Concession, according to Mr. Malcolm, 37,000 krans.	616	
His profit will thus be	15,718	
	17,000	17,000

At all events, his net profits are estimated by Mr. Malcolm at not less than 13,000*l*. Further, the latter has good reason to believe that for 1908 the Moin will not be content with 8,000 tons, but intends to raise his minimum export demand to 10,000 tons.

Prospects of Trade.—Mr. Malcolm states that the Hormuz oxide is the best in the market; that it is the least susceptible to the effect of sun and weather, and that the demand for it in Europe is steadily increasing. He adds that up to now Messrs. Strick have been practically the sole shippers of the commodity; that "Hormuz Oxide" as such has long since established its name and credit in commercial circles and that it would take some years for any other brand to oust it.

It is to be remembered that apart from the mines in Hormuz there is oxide in company with salt, on Larak and Kishm Islands; in the maritime range near Bustana, Pohal, and Hameran on the Persian coast; as well as on the Islands of Abu Musa, and Sir Abu Nu'air and Dalma, appertaining to the Trucial Coast (*vide* Persian Gulf Administration Report for 1879–1880, p. 65).

According to Mr. Malcolm, the deeper the deposit is mined the better the oxide becomes, and it is the depth of the Hormuz excavations which gives the output of the latter present advantage over other qualities.

The oxide now mined from Abu Musa is not yet so good, and the same considerations would apply to new borings on Larak or elsewhere; nevertheless, even at present the Abu Musa article would be quite good enough to mix with the Hormuz article and swell the output of "Hormuz Oxide" as familiar to the trade.

A consignment sent home by Messrs. Wonckhaus to Hamburg in April 1906 is understood to have as yet found no purchaser, and so far none of the German liners now plying regularly to the Gulf have taken any. It is stated, however, that the first steamer that leaves for home lightly laden will call and fill up at Abu Musa.

Mr. Malcolm showed me in original a letter dated the 6th January, 1907 which he had received from the Acting French Vice-Consul at Bushire in which the latter, thinking that Messrs. Malcolm were still partners in the Hormuz Concession, informed them that two French firms in Marselles were anxious to be put in correspondence with a dealer in red oxide of which they were prepared to take 5,000 tons annually at least.

The Moin's Attitude.—Asked his opinion of the Moin's attitude at present, Mr. Malcolm stated that in his opinion he was mainly bluffing Messrs. Strick. He went on to volunteer the following interesting information, which fits in with the

reference, made in Messrs. Strick's letter of the 27th September, 1906, to the Foreign Office,* to the efforts of a German Syndicate to compete with them.

Herr Brown, a naturalized German of English extraction, and Lingah representative of Messrs. Wönekhaus and Co., was in London on leave in the autumn of 1905 at the same time as the Moin. While in London the Moin got him or his firm (M. Wönekhaus' principals) to send him a telegram offering 42s. per ton for Hormuz oxide. The German firm had not the least intention of confirming the offer, but knowing from M. Brown's reports the purpose for which the Moin was using them, they did not hesitate to send the telegram referred to. This was forthwith used by the Moin to induce Messrs. Strick to raise their offer, and with a successful result, as we see. M. Brown told Mr. Malcolm the story as a good joke while stationed in Bushire on his return. The latter offered to sell to Herr Brown at 40s. or even 38s. per ton, but it was not worth their while to pay either price, and Messrs. Wönekhaus prefer to deal with the commodity simply on commission.

The despatch No. 233, before quoted, from His Majesty's Legation to the Foreign Office, dated the 12th September, 1906, goes to corroborate Mr. Malcolm's story, for it was evident that at that time the Moin had no present fear of foreign intrusion. His object in obtaining a writing from His Majesty's Minister, promising friendly support to his Concession, is not quite clear to me; it may possibly be that his Concession was about to expire, and he wanted to make sure that we had no designs in that direction ourselves.

(Signed) P. Z. COX, Major,
Political Resident in the Persian Gulf

February 17, 1907.

Inclosure 9 in No. 242*.

Major Cox to Government of India.

(Confidential.)

Bushire, November 29, 1906.

In continuation of my letter No. 2577, dated the 28th October, 1906, I now have the honour to submit the Report called for on the subject of Herr Wönekhaus' acquisition of rights in regard to the red oxide deposits at Abu Musa.

2. In order to place the case completely before Government, it is necessary to give briefly the early history of the Concession.

The present Sheikh of Shargah, Sagar-bin-Khalid, supplanted his uncle Salim-bin-Sultan, as ruling Sheikh, in March 1883. Sheikh Salim, realizing that he had no following, accepted the inevitable, and has since become a pensioner enjoying more or less friendly relations with his nephew.

In the summer of 1898, Sheikh Sagar went on the pilgrimage to Mecca, leaving his uncle above mentioned in charge of his administration at Shargah, and the latter while acting in this capacity granted a lease of the red oxide mines on Abu Musa Island to three persons, as follows:—

(1.) Haji Hassan-bin-Ali "Samaiyah," resident in Lingah and agent for the Bombay and Persian Steam Navigation Company at that port. This individual is by origin a Bahreini, and has in the past claimed and received British protection on the strength of a naturalization certificate granted to his father by the Government of Bombay. A separate Memorandum regarding his nationality is attached.

(2.) Abdulla-bin-Haji Hassan, son of the above.

(3.) Esa-bin-Abdul Latif, son of the Residency Agent, Shargah.

A translation of the document granting the original Concession accompanies. This is the Concession to which Colonel Meade referred to on page 10 of the Persian Gulf Administration Report for 1898-9. The chief thing to remark in it is that no limit of time is stipulated for on one side or the other. It would have been simpler if Sheikh Sagar's attention had been drawn to this on his return from the Haj, but, such as it is, the Agreement must be held to have been endorsed by Sheikh Sagar's subsequent action or inaction.

3. In December 1904, on the strength of a Report from our Agent at Lingah, to the effect that Herr Wönekhaus contemplated visiting Abu Musa with a view to taking

* This must be the Indian Foreign Office. There is no such letter here.—W. L. B.

up the export of red oxide, instructions were immediately issued to the Residency Agent at Shargah; and it will be seen from his two letters, of which translations are inclosed, that both the Sheikh of Shargah and the concessionnaires received specific warning against entering into any ill-considered compact with the German firm. The next information which I received on the subject, reached me by accident on my return from India in August last, and it was the entry in the diary of this Residency for the 12th August which originated the present correspondence. The foregoing details bring the case up to the present time.

4. Referring now to my *ad interim* Report No. 2577 of the 28th October, 1906, I have the honour to report that after much fencing on the part of Hassan Samaiyah, I have at length received a certified copy of the Agreement between him and Herr Wönekhaus, and append a duplicate of it. It will be seen that it has been executed by Haji Hassan Samaiyah, claiming to act for his two partners, and gives to Herr Wönekhaus a specific monopoly of the output for four years, with preferential option to renew at the end of that period. The Lingah Agent, in forwarding it, states that Haji Hassan asserts that "he has purchased the Chief of Shargah's share and holds a writing to that effect from the Chief." I am at a loss to know what that means, but am taking steps to ascertain.

In any case, the concessionnaires have behaved in a hole-and-corner and obstructive way and deserve no consideration from us, and it remains for Government to consider whether steps should not be taken to upset the arrangement. It is probable that Messrs. Strick and Co. would be quite ready to take up the trade on terms equally advantageous, for the Government of India will note from the papers forwarded to me under Foreign Department, endorsement No. 4213-E.A., dated 22nd November, 1905, that they are paying to the Moin-ut-Tujjar for the Hormuz product more than double the rate obtained by Haji Hassan from Herr Wönekhaus. In fact, I understand that Messrs. Strick were on the point of making the Shargah concessionnaires an offer, when they were forestalled by the German firm.

5. The following arguments suggest themselves to me in connection with the possible withdrawal of the Concession:—

(a.) Hassan Samaiyah, if taxed with disregard of Sheikh Sagar's interest or instructions, or of the wishes of the Residency, would no doubt argue that nothing had been permanently alienated, his Agreement with Herr Wönekhaus merely providing for a sale of prospective produce.

(b.) The Agreement (*vide* opening lines) purports to be executed between Herr Wönekhaus and "Mr. Hassan-bin-Semey" as "owner and holder of the Bu Musa Concession," and him only. At the end it is signed solely by the said Hassan, but he adds the words "wa shürqāhū ("and his partners") after his signature. It is understood that Hassan has always been the working partner, but it is doubtful whether he carries any document authorizing him to enter into written and unlimited contracts without consulting the other parties. His son Abdulla would, of course, express cognizance and approval of his father's action, but the third sharer, Esa-bin-Abdul Latif, was apparently not consulted, and would no doubt record his dissent if advised to do so.

(c.) In view of advice given to the Trucial Sheikhs in time past by the Residency, warning them against the grant of monopolies without reference to Bushire, the fact that an unlimited monopoly has been granted would afford the Sheikh of Shargah reasonable grounds for cancelling the Concession.

(d.) But it would seem to be unnecessary for the Sheikh, should he agree to cancel it, to introduce any reference to instructions or advice received from the Resident; for, seeing that the original Concession provided no time limit on either side, there seems to be nothing to prevent Sheikh Sagar from withdrawing it at will, on any reasonable grounds; and these certainly exist in the fact that the commercial value of the red oxide has lately increased to an extent which makes the rent paid by the concessionnaires (250 dollars per annum) ridiculously small. Sheikh Sagar's object in resuming control of the red oxide export would be with a view to working it directly for his own benefit in association with Messrs. F. C. Strick and Co., or some other British firm as his managing agents.

6. In short, there would seem to be no practical difficulty in bringing about the extinction of the Concession, it would appear to be merely a question of political feasibility which Government are in the best position to appraise.

It may be that the potential value of the red oxide deposit, which is difficult to

gauge, is not of very great magnitude, but the political importance at the present juncture of preventing the acquisition by Germany of vested interests in the Gulf can hardly be questioned.

Inclosure 10 in No. 242*.

Memorandum regarding Antecedents and Nationality of Hassan-bin-Ali Samaiyeh of Lingah.

ACCORDING to a Report from the Residency Agent at Lingah, who is well acquainted with the history of the family, Ali-bin-Hamad-bin-Samaiyeh, was a native of Bahrein, and emigrated to Lingah sixty years ago, during the Arab occupation, accompanied by his two sons, Hassan and Hamad, together with many other Bahreinis.

The father and sons worked for many years as nakhodas on board sailing-vessels to Indian and other ports, and for thirty years were treated like other immigrants by the Governors of Lingah, that is, as subjects of the local Sheikh.

The father, Ali, died in Lingah, and Hassan afterwards obtained a certificate of British naturalization from the Government of Bombay. In virtue of that certificate he has been considered as under British protection by the Persian authorities, and has been given the protection of the Agency.

His brother Hamad, however, is considered a Persian subject, and is only protected by the British Agency in matters in which Hassan and he are jointly concerned.

At the beginning of March 1899, when the Derya Begi retook Lingah, after some fighting with the Arab Sheikh, Mahomed-bin-Khalifah, a number of claims resulted from British subjects, among which was one from Hassan-bin-Ali Samaiyeh, who, in his Petition wrote, "thank God, I am under the protection of the British Government, and she will not allow her subjects to be oppressed." His title to protection was in both cases tacitly accepted by the local authority, and action taken in pursuance of that title.

A claim in his name is included among a number of others, preferred by British subjects after the recapture of Lingah, in the list of cases submitted to His Majesty's Legation in August 1905, as outstanding against the Persian Government.

(Signed) P. Z. COX, Major,
Political Resident in the Persian Gulf.

Bushire, November 29, 1906.

Inclosure 11 in No. 242*.

Agreement respecting the Red Oxide Mines on Abu Musa Island.

(Translation.)

BE it known to all who may see this that I, Salem-bin-Sultan-bin-Sugger el Kasemi, let on lease all the red oxide mines situated on the Bu Musa Island to Haji Hassan-bin-Ali Samaiyeh, Abdulla-bin-Hasan and Esa-bin-Abdul Latif, from the present date for such a period as they may wish to hold the mines, provided that they should pay me 250 French dollars per annum. I have likewise arranged with them that if they wished to land "Mubar" and "Zenni" oysters in the island for commercial purposes, they should pay me landing fee at the rate of 100 dollars per mensem. I have also given them permission to dig wells to supply water to their men who are working on the red oxide mines, and I will pay considerations and respects to their men who are working on the mines.

I have perhaps made out certain Agreements previous to this. They do not hold good, and this Agreement is to be acted upon.

Written in duplicate on the 18th Zilkedah, 1315 (10th April, 1898).

(Signed) SALEM-BIN-SULTAN.

Sheikh Salem-bin-Sultan confirmed the contents of this document.

Witnesses

(Signed) AHMED-BIN-ABDUL RAHMAN,
YUSUF-BIN-ABDULLA,
ABDUL LATIF-BIN-ABDUL RAHMAN,
AHMED-BIN-SULTAN.

Inclosure 12 in No. 242*.

The Residency Agent, Shargah, to Major Cox.

January 16, 1905.

IN reply to your letter, dated the 3rd December, 1904, I beg to inform you that, as directed by you, I informed the Chief of Shargah and his uncle Sheikh Salem-bin-Sultan that they should not enter into any agreement or arrangement with Robert Wönckhaus, the German merchant, before consulting the Resident, and that they have assured me that they would not engage in the matter without the knowledge of the Resident.

News reached me that the said Robert Wönckhaus visited Bu Musa Island, inspected the red oxide mines, &c., and left the island. The arrivals from Bu Musa report that Robert Wönckhaus had promised to return to the island in a few days.

Inclosure 13 in No. 242*.

The Residency Agent, Shargah, to Major Cox.

January 18, 1905.

IN answer to your letter, dated the 31st December, 1904, inclosing copy of a letter from the Residency Agent, Lingah, on the subject of the red oxide mines, &c., in Bu Musa Island, I beg to state that Sheikh Salem-bin-Sultan, Haji Hassan Samaiyeh and their partners still continue their Agreement which I had reported to you in my letter, dated the 27th March, 1902, and I have not yet heard if any communications have been made between M. Wönckhaus and Sheikh Sugger and his uncle, Sheikh Salem-bin-Sultan, whether direct or indirect.

I interviewed Haji Hassan-bin-Samaiyeh, and informed him of M. Robert Wönckhaus' intentions as regards the red oxide mines at Bu Musa and my son, Isa, being one of his partners in those mines, I impressed on Haji Hassan not to enter into partnership with the said Robert Wönckhaus or any foreign merchants. Haji Hassan agreed to what I told him.

Inclosure 14 in No. 242*.

Contract between Mr. Hassan C. Semey, Lingah, Owner and Holder of Bu Musa Concession, and M. Robert Wönckhaus, Lingah.

HASSAN C. SEMEY agrees to deliver to M. Robert Wönckhaus, Lingah, during four years, beginning with the 1st June, 1906, every year 2,000 to 5,000 tons of 20 cwts. oxide of iron of the Island Bu Musa, same quality as the 700 tons shipped by M. Robert Wönckhaus in March 1906. M. Robert Wönckhaus agrees to take at least every year 2,000 tons, and if he wants so, and there is sufficient good stuff on the island of which he approves, up 5,000 tons yearly.

The price is fixed at 15s. 6d. per ton of 20 cwts., usual weight conditions, freight and charge free on board steamer "Bu Musa," to be weighed on board.

Hassan C. Semey gives the entire monopoly of Bu Musa oxide to Robert Wönckhaus during the terms of the contract; he is not allowed to sell or dispose of otherwise any quantity of Bu Musa during the term of this contract; but it is agreed upon that Hassan is permitted to export to India for his account during this year what he has sold already to India, and which he gives as 700 tons, and besides that every year from 1907 about 5,000 to 6,000 bags of 1 cwt. (4,000 to 5,000).

Hassan Semey has to deliver daily alongside if in bags 200 tons, or in bulk 150 tons, weather permitting. Payment for every lot which is to be shipped: half the amount when the lot is ordered, and the other half when the lot is being shipped.

Advance to be paid by M. Robert Wönckhaus to Hassan 2,000 rupees whenever Hassan calls for it and receipt to be taken for it. This advance to remain with Hassan until the end of this contract.

Whenever this contract comes to an end, M. Robert Wönckhaus has the preference

for a new contract of Bu Musa contract if he desires so, at same price and conditions, or at any rate at the price of other serious buyer. Alone the English text of this contract will hold good.

(Signed) ROBERT WÖNCKHAUS.
W. E. KIRKPATRICK.
(Seal.)
HASSAN-BIN-ALI SAMAIYEH
(and his partners).

Lingah, June 1, 1906.

Copied by Sheikh Hoosain, Sub-Postmaster, Lingah.
(Signed) Sheikh HOOSAIN,
Sub-Postmaster.

Note.—The Residency Agent, Lingah, states that the document was in the handwriting of M. Carstein, the representative of Herr Wönekhaus at Lingah, whose knowledge of English is crude.

Inclosure 15 in No. 242*.

Major Cox to Government of India.

(Confidential.)

Bushire, December 16, 1906.

I HAVE the honour to refer to paragraph 3 of my letter dated the 29th November, 1906, on the subject of the Abu Musa Concession, in which I mentioned that I was taking steps to ascertain what Hassan Samaiyeh meant when he said that he had "purchased the Chief of Shargah's share" in it. I have since received further news from the Residency Agent at Lingah.

2. It will be remembered that the original Concession was granted by Salim-bin-Sultan on the 10th April, 1898, during Sheikh Sagar's absence. On the latter's return from Mecca he evidently claimed to become a partner in the concern, and was admitted as such by the others; but a few months later he transferred his interest in it to one Yusuf-bin-Abdullah, who, again, was eventually bought out by Hassan Samaiyeh in December 1900. Copies of the three documents setting forth the transfers are appended with translations.

3. I also forward a copy of the original Concession of 1898, as desired in Foreign Department telegram dated the 14th instant. In submitting it, I have to request that in the translation which I furnished with my letter of the 29th ultimo the word "mensem" may be altered to "annum." The latter word is correctly given in the translation of 1898 on my record, and that fact must account for my not having noticed the clerical error when dispatching my letter just quoted.

4. The conduct of the Residency Agent at Shargah in connection with this Concession does not appear to me blameless from the first; and although he heard of the deal with Herr Wönekhaus from Hassan Samaiyeh himself in June last he made no report of it to me; I shall, however, address Government later in this connection if circumstances call for it.

Inclosure 16 in No. 242*.

Translations of three Documents relating to the Concession of the Lease of Red Oxide Mines at Abu Musa Island.

I.

THE object of writing this documentary Agreement is that we, the persons mentioned in this Agreement, have admitted Sheikh Suggar-bin-Khaled as a partner in the Concession of the lease of red oxide mines at Abu Musa Island which we have leased from Sheikh Salem-bin-Sultan at 250 dollars per annum plus 100 dollars on

account of ground rent for landing Muhar and Zenni oysters, should we land any at Abu Musa Island for trade purposes. And similarly Sheikh Suggar has agreed to assist us and to endeavour with us, as far as possible, to avoid any delay in the work connected with the red oxide mines in the said island. And whatever the expenses in regard to the red oxide mine may come to, it shall be borne by all the partners and the net income shall be distributed amongst all.

This Agreement has been concluded on the above conditions, with the consent of all; so that it may not be hidden.

And Sheikh Suggar has the option to withdraw from the said Red Oxide Company if he so desire.

(Signed and sealed)—
ISA-BIN-ABDUL LATIF.
ABDULLAH-BIN-HASSAN SAMAIYEH.
HASSAN-BIN-ALI-BIN-SAMAIYEH.

Witness:

(Signed and sealed)—
ABDUL LATIF-BIN-ABDUL RAHMAN.

1 Rabi II, 1316 (August 20, 1898).

II.

Let him who reads this document know, that with reference to this Red Oxide Company which I joined, I have, by virtue of this document, transferred my share to Yusuf-bin-Abdullah, and it is vested in him and he has the disposal of it.

I have no further concern in the result whether it be profit or loss; whichever it be, it is for him.

I undertake to assist him to the best of my power, should he experience difficulty. Let it be known accordingly.

(Signed) SUGGAR-BIN-KHALED.

7 Ramzan, 1316 (January 20, 1899).

III.

Yes, I, Yusuf-bin-Abdullah, have sold to Haji Hassan-bin-Ali Samaiyeh outright and completely the share in the red oxide mine mentioned in this paper, which I have acquired from Sheikh Suggar-bin-Khaled. The aforesaid share is now transferred to Haji Hassan-bin-Ali Samaiyeh, and there is left for me no claim or right therein. And I have received the sum of 100 dollars from Haji Hassan on account of the value of the share.

Let it not be hidden.

(Signed and sealed)—
YUSUF-BIN-ABDULLAH.

Witness:

(Signed and sealed)—
ABDUL LATIF-BIN-ABDUL RAHMAN.

True copy according to the original:

(Signed) HASSAN-BIN-ALI SAMAIYEH.
BADR-BIN-MAHOMED AMIN.

15 Shaban, 1318 (December 7, 1900).

Inclosure 17 in No. 242*.

Major Cox to Government of India.

(Confidential.)

Bushire, February 28, 1907.
I HAVE the honour to reply to Foreign Department letter, dated the 11th February, 1907, on the subject of the Abu Musa Red Oxide Concession. The communication reached Bushire after my departure on tour, but the promptness of my

assistants in telegraphing the purport of it to me via Henjam enabled me to deal with it when visiting the Trucial Coast on other business.

2. I submit copies of correspondence from which it will be seen that, on ascertaining the terms of the contract, neither the partner Esa-bin-Abdul Latif nor Sheikh Sagar-bin-Khalid of Shargah are willing that the Agreement with Herr Wönekhaus should stand; and that the Sheikh has furthermore, in view of Hassan Ali Samaiyeh's unauthorized action, decided for reasons of prudence to withdraw the Concession from the three concessionnaires, and desires to make fresh provision for the working of the red oxide mines under the advice of the Government of India. I beg to be favoured with the views or wishes of Government on this subject at an early date.

3. It is probable that Messrs. F. C. Strick and Co. would be glad to obtain facilities for exporting the red oxide of Abu Musa, and their acquisition of a footing there would no doubt strengthen their hands in dealing with the Moin-et-Tujjar in connection with the Hormuz mines. They would presumably wish, under ordinary circumstances, to negotiate through their agents at Bushire, Messrs. Malcolm and Co., but the form and conditions to be adopted in any Agreement entered into by them or any other British firm, and the lines on which we are to proceed, are questions of manifest importance in the present case, having regard to the possible contingency of the German Foreign Office interesting themselves in Herr Wönekhaus' venture; and for this reason, and in view of the committal of his interests to us on the part of Sheikh Sagar, it is clearly advisable that we should take steps to make sure that any arrangement now brought about will effectively safeguard for the future the interests both of the Sheikh of Shargah and of British trade. How this end can best be achieved is a question for the consideration of Government.

4. The letter (Inclosure 19) from the Sheikh of Shargah to Hassan-bin-Ali Samaiyeh was given by the former to Esa-bin-Abdul Latif for delivery to him, and has been sent by Esa with a private note to his friend, the Residency Agent at Lingah, asking him to deliver it to Hassan Ali and take his receipt for it.

I shall receive, in due course, a separate report of the fact of its reaching its destination, and have the honour to request the advice of the Government of India as to whether, in view of Sheikh Sagar's intimation to me in his letter of the 9th Moharrum (the 21st February), I should then take any official steps through the Residency Agent at Lingah, to let Haji Hassan know that the Sheikh has apprised me of his decision, or to assure myself that he takes action on it.

For the present, until I receive further instructions, I shall let matters rest where they are.

5. It will be noted that the Sheikh of Shargah, in his letter to Hassan Samaiyeh, informs him of the annulment of the contract from date of receipt of his communication; but it may of course be taken for granted that, practically speaking, there will be nothing to prevent Haji Hassan from disposing of what red oxide he may have on hand, or from letting M. Wönekhaus ship it, until Government have had an opportunity of intimating their views on this point or until a new concessionnaire appears on the scene. There need be no question, therefore, of immediate hardship or of the parties being unable to avail themselves of red oxide already mined or paid for.

Inclosure 18 in No. 242*.

Esa-bin-Abdul Latif to Sheikh Sagar-bin-Khalid.

(After compliments.)

8 Moharrum, 1325 (February 20, 1907).

I HAVE to communicate with your honour with reference to the lease which I and two partners acquired from the Government of Shargah, relating to the extraction of red oxide from your Island of Abu Musa. As your honour is aware, the document of lease was drawn up in the names of three persons, namely, your humble servant Esa-bin-Abdul Latif, Haji Hassan-bin-Ali Samaiyeh, and Abdulla-bin-Hassan Samaiyeh.

I have come to know that on the 1st June, 1906 (the 8th Rabi-ul-Thani, 1324), the said Haji Hassan entered into a contract with a European merchant named Wönekhaus, without consulting me, and that, according to the terms of the document, he bound himself and his partners in giving an absolute monopoly for the extraction of the red oxide for a period of four years. And the said Haji Hassan executed this Agreement and bound himself without consulting me, previous to the drawing of the deed of contract. The details of the said deed have only now reached me, and I do not agree

to the terms of this contract. Accordingly, I forward to your honour a copy of the deed of contract for you to examine; kindly look into it. I beg from your honour assistance in taking the necessary steps for the cancellation and annulment of this contract, for I am altogether unwilling to agree to this lease. Previous to this I have written to Haji Hassan Samaiyeh expressing my disagreement to this contract, but he has sent me no answer.

Finally, I am to call your attention to the deed of contract in the beginning of which begins as follows: "Contract between Haji Hassan-bin-Ali Samaiyeh of Lingah, owner and holder of the Abu Musa Concession, and M. Robert Wönekhaus of Lingah." Now Haji Hassan Samaiyeh has no deed of authority from me giving him any general power in regard to action which he might take respecting the lease, &c.; how then has Haji Hassan the right thus to mention himself only without consulting or referring to his partners, of whom I am one? I am, in consequence, obliged to make a complaint on the subject to your honour, and it is for your honour to issue orders.

Inclosure 19 in No. 242*.

Sheikh Sagar-bin-Khalid to Haji Hassan-bin-Ali Samaiyeh.

(Translation.)

(After compliments.)

9 Moharrum, 1325 (February 21, 1907).

I HAVE to inform you that Esa-bin-Abdul Latif has preferred a complaint to me in connection with the red oxide mines on Abu Musa, which for some years have been leased in the names of yourself and Esa-bin-Abdul Latif and your son Abdulla, according to the deed executed on the 18th Zilkaideh, 1315 (the 21st April, 1899). He has sent me a copy of the deed of contract in operation between you and M. Wönekhaus, and complains that you executed this contract without consulting him, and that he does not agree to the conditions written in the contract now that he has come to know them. I too do not agree to this contract at all, and, as for you, you had no right to give a contract in this fashion, and bind yourself to give away possession of the whole of the output of red oxide mines to others, for a long period and without consulting us or making the slightest reference to us. And, according to our view, harm will accrue to us from the continuance of this Concession in your hands in connection with Abu Musa; and your conduct in the present case is a violation of your duty towards us.

Accordingly, it appears to us advisable to withdraw the document of Concession from you, and we now inform you accordingly by this letter, so that you may realize that the contract between us has terminated. You have no longer any right of enjoyment* in regard to the mines of Abu Musa.

(Seal of Sheikh Sagar-bin-Khalid.)

Inclosure 20 in No. 242*.

Sheikh Sagar-bin-Khalid to Major Cox.

(Translation.)

(After compliments.)

9 Moharrum, 1325 (February 21, 1907).

I AM obliged to address your honour in the following connection. On the 18th of the month of Zilkaideh, 1315 (the 10th April, 1898), a contract was concluded between us and three persons, namely, Hassan-bin-Ali Samaiyeh and Abdulla-bin-Hassan and Esa-bin-Abdul Latif, for the lease of the red oxide mines in our Island of Abu Musa, and the basis of the contract was a yearly one; they were to pay us a sum of 250 dollars annually.

Up to now we have not experienced anything prejudicial from them, and have been taking from them every year the amount of the rent; and the parties mentioned have themselves been dealing with the work.

But as it appears a short time ago something took place which we consider to be harmful to us; and inclosed in this letter we send your honour a copy of the letter which has reached us from Esa-bin-Abdul Latif, who is one of the partners, the purport of which is that he complains of the action taken by Haji Hassan Samaiyeh, and sends

* The word used is "Tasarruf" = use, possession, enjoyment, occupancy, or control.—P. Z. Cox.

us a translation of a deed of contract wrongfully passed by Haji Hassan Samaiyeh to the merchant named Wönckhaus. We are apprehensive of the results of such a contract, and do not agree to it, and for this reason we have decided upon the withdrawal of our document (of Concession) from the said lessees and its annulment.

And whereas Haji Hassan Samaiyeh is a subject of the British Government, we forward to your honour a copy of the letter which we have written to the said Haji Hassan for your information.

In conclusion, we beg you to consult the Imperial Government, and request their views as to the best means of assuring to us in future the full benefits from the red oxide mines within our territory. (We will act) according to your view.

Printed for the use of the Foreign Office. October 1907.

CONFIDENTIAL.

Further Correspondence respecting the Affairs of Persia.

PART XI.

[21520]

No. 1.

Sir N. O'Conor to Sir Edward Grey.—(Received July 1.)

(No. 384.)
Sir,

Therapia, June 25, 1907.

I HAVE the honour to report that, after conferring with the Russian Ambassador, I spoke to the Grand Vizier yesterday concerning the reported Turkish encroachments on Persian territory, and their delay in coming to an agreement respecting the frontier based on the demarcation effected by the British and Russian Delegates, and made known by the "Protocol of Conference," dated July 1880, of which the Porte possessed a copy.

His Highness again told me that the first aggression had been committed by Persian tribesmen in the neighbourhood of Pushti Kuh, and that Pertab Pasha reported that he had restored order about Mendali, and that no Turkish troops were now across the frontier. The Ottoman Government had no intention of committing encroachments on Persian territory, and they were ready to abide by the *status quo*.

His Highness went on to say that the question had been discussed the previous evening at the Palace between the Sultan and the Persian Ambassador, who was dining there with the Persian Special Mission who had come to announce the accession of the Shah. His Majesty had told the Ambassador that he had no intention of encroaching upon Persian territory, and had assured him that the question of the frontier would be satisfactorily settled.

I have, &c.
(Signed) N. R. O'CONOR.

[21758]

No. 2.

Sir A. Nicolson to Sir Edward Grey.—(Received July 1.)

(No. 116.)
(Telegraphic.) P.

St. Petersburg, July 1, 1907.

ANGLO-RUSSIAN negotiations.

Three Conventions respecting Thibet, Afghanistan, and Persia.

I should be glad to be informed if it would be sufficient that Minister for Foreign Affairs and I should sign these Conventions, prefixing the following words to our signatures:—

"In witness whereof the Undersigned, duly authorized thereto by their respective Governments, have signed the present Agreement, and have affixed thereto their seals."

"Done at St. Petersburg in duplicate, &c."

If this would be enough, I presume that there would be no necessity for mention of ratification or exchange of full powers.

[21759]

No. 3.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 1.)

(No. 163.)

(Telegraphic.) P.

Gulahek, July 1, 1907.

I INFORMED the Persian Government, on the receipt of your telegram No. 78 of the 29th June, that they must make a written application respecting the sinking fund.

I have insisted that the situation would only be aggravated by a new loan, but I have at the same time urged the necessity of settling bank claims.

I doubt the German Bank being—except under Russian guarantee—in a position to make a large advance, in view of the present condition of Persia.

The Imperial Bank has with my concurrence refused an application which the Zil has just made for a loan in the name of the Shah.

[21760]

No. 4.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 1.)

(No. 164.)

(Telegraphic.) P.

Tehran, July 1, 1907.

MY telegram No. 162 of the 30th ultimo: German Bank.

Council of Ministers, having passed Concession, have referred it to Committee of Assembly.

It will, says Atabeg, eventually be submitted to the whole House. The existing Hormuz contract, which is for owner's life, will, he assures me, not be annulled. As regards possibility of loan from German banks, [? he was] most vague. It is my impression that an arrangement will be made for a small advance.

(Sent to India.)

[21761]

No. 5.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 1.)

(No. 165.)

(Telegraphic.) P.

Gulahek, July 1, 1907.

THE Atabeg said that the financial situation (see my telegram No. 156 of the 24th June) was desperate. A general strike would take place in a week. He spoke of the possibility of refugees in the Legations. He did not seem to expect much from Germany. The German Bank will, however, perhaps also subscribe to the National Bank. It was announced in the Assembly yesterday that the Shah would subscribe 700,000 tomans to the National Bank. The Atabeg had mentioned the possibility of the Shah's pawning his jewels in the Russian Bank.

I saw no indication of serious financial reform, though I impressed on the Atabeg the gravity of the situation. His policy seems to be to force the Assembly to consent to a foreign loan by bringing about a public demonstration. There is no Government and no security for a loan; the customs revenue is decreasing and the land revenues are unpaid. The people are convinced that the Shah will spend any money he gets in attacking the Assembly, and therefore refuses to subscribe to Government expenses or to the National Bank. Unless there is radical change in situation I doubt the wisdom of making loan. The Atabeg has suggested applying to the Cantonal Bank of Lucerne for financier, and did not speak favourably of idea of sending for a Frenchman.

[21774]

No. 6.

Sir A. Nicolson to Sir Edward Grey.—(Received July 2.)

(No. 342. Confidential.)

Sir,

St. Petersburg, June 24, 1907.

I CALLED by appointment on M. Isvolsky this afternoon, and said that I was prepared to communicate to him the replies of His Majesty's Government to the

modifications which he had suggested in the draft Convention concerning Persia. I told his Excellency that my Government had accepted the amendments proposed in Articles II, III, and IV, and that they further agreed to the elimination of the clause in the Preamble relative to the injurious effect of local friction. His Majesty's Government, however, desired to retain the clause concerning equal opportunities for the commerce and industry of all nations, but, in view of the observations made in his *aide-mémoire* of the 5th June, and in order to render the passage consistent with Articles I and II, they would suggest that the words "all other countries" should be substituted for "all countries."

I said that there was one other point to which His Majesty's Government attached great importance, and which I did not doubt that the Russian Government would make no difficulty in accepting, and that was, that a clause should be inserted in the Preamble referring to the special interests which Great Britain had in the maintenance of the *status quo* in the Persian Gulf. This was a matter in which British public opinion took a great interest, and my Government considered it to be necessary, in order to satisfy the feeling in my country and to assist in the general acceptance of the Convention, that some mention should be formally made of the fact.

In Article I there was also a modification which I must propose, and that was in regard to the tracing of the Russian line from Kakh northwards. We had assumed, naturally, that the line would run direct from Kakh to its terminus at a point near the intersection of the Russian and Afghan frontiers, but, in the *aide-mémoire* of the 5th June, the line, as traced, made a considerable deviation eastwards, and ran close along the Afghan frontier. To this tracing, the same objections must be raised as were formulated in regard to the Russian line terminating near Kuhsan, and I repeated to his Excellency the nature of the objections which had been made on that occasion. I told his Excellency that he would find these points set forth in the *aide-mémoire* which I begged leave to hand to him, and of which I have the honour to inclose a copy.

M. Isvolsky said that a very serious question was raised by the proposed insertion of a clause relative to the *status quo* in the Persian Gulf, and that he had the gravest doubts if the Russian Government could consent to its being interpolated. He did not himself wish to contest that Great Britain had special and predominant interests in the Gulf, but he wished to explain at once to me how the question presented itself at first sight to him. During all our discussions regarding the Persian Convention, both Governments had strictly limited themselves to treating of matters which concerned themselves alone, and which neither directly nor indirectly affected the interests of other Powers. These wise restrictions would exclude any other Power from having any justification hereafter to complain that the two negotiating countries had dealt with, or touched upon, interests other than their own. At the last moment, Great Britain proposed to enlarge the scope of the Agreement, and to extend it to a question which it was known was in a sense a controversial one, and which did touch upon the interests of others. It could not be denied that Turkey and Germany did not admit to the full our contentions as to the Persian Gulf, and if the clause were inserted, and Russia subscribed to it, he feared that an embarrassing situation would hereafter arise. The clause had a far-reaching effect, and he could not foretell what consequences; and he did not understand why, if the matter were of such importance to us, it had not been brought forward earlier. The Convention as drawn up between us, and in regard to which he had hoped only some secondary details had to be settled, was chiefly directed to avoiding all possible causes of friction between the two Powers, and related solely to our respective frontiers; and he regretted that we should now wish to raise a delicate and important question which was mixed up with other controversial matter. He would only mention for the moment the Bagdad Railway and Koweit.

I told M. Isvolsky that I perfectly appreciated the force of his argument that the question had been raised at a late hour; but I would tell him frankly that there was likely to be opposition from some quarters in Great Britain and India to our Agreement, and that as it was desirable to modify such opposition and procure as general acceptance as possible of the Convention, my Government, after careful consideration, had desired to refer to a matter in which the British public took a very keen interest. I did not deny that the proposal came late in the day, but many would consider that a Convention about Persia with no mention of the Persian Gulf was deficient. Moreover, I did not see why the Russian Government should hesitate to subscribe to a proposition which was incontrovertible. We did not ask Russia to take any action, nor did we attempt to bind her in respect to other countries. We stated an undoubted fact, which was surely universally recognized, which had been affirmed over and over again, and very emphatically by Lord Lansdowne in the House of Lords in 1903.

M. Isvolsky said he doubted that the recognition of the fact was so universal as I had stated, and he was perfectly well aware of our views on the subject, and also of Lord Lansdowne's statement. He strongly demurred, however, to introducing fresh factors into the Agreement, especially at a moment when the negotiations were on the point of being terminated. What should we have said if Russia had suddenly sprung upon us a request to recognize her special interests in Armenia, for instance?

I replied that the Persian Gulf was closely connected with Persia, as it washed the whole of the southern littoral of that country. His Excellency remarked that it washed the coasts of other countries as well. But all this was beside the mark. He adjured me to take into consideration the serious consequences of opening up this question. He was most eager to hasten on the conclusion of our negotiations, and he could assure me that it would be dangerous to delay their termination. Opposition was existent in this country and outside of it. There had been one or two Agreements recently concluded which I must know had been displeasing to Berlin. He could with safety conclude our Convention on the lines we had originally drawn, and which hitherto we had both scrupulously observed, but I must remember that Russia had a powerful neighbour, alert and watchful, who had her eyes fixed on that very quarter of which we now desired to make formal mention in our Convention in a form which could not but produce suspicion and dissatisfaction. He was ready to meet any criticisms if we kept within the original scope of the Agreement, but the case would be different if fresh factors were introduced, which in any case would prolong the discussions, and this, he must repeat to me, would be most dangerous.

I said that, of course, I would report to you all his observations as faithfully as possible, but that I could by no means say if they would induce my Government to abandon their request. M. Isvolsky made a slight gesture of despair, and I asked him if he could tell me, leaving the immediate question on one side, when he hoped to sign the Conventions.

His Excellency took an almanac, and said that he hoped to be able to give me replies to both Persian and Afghan questions by the 3rd July (n.s.). I observed that if he did this, and that, as my Government was as desirous as himself to hasten the conclusion, I proposed, in order to expedite matters, to take his replies home and discuss them with you, and return in about a fortnight, say, on the 25th July, and then we could finally settle all Conventions. His Excellency begged me not to adopt this plan, but to stay here so that we might sign the Conventions on the 15th July. I was a little surprised at this promptness, but I told his Excellency that, of course, I would remain here till the negotiations were finally concluded.

His Excellency then reverted to the question of the tracing of the Russian line, and I told him that on that point it was really essential that their line on leaving Kakh should not deviate to the eastwards; it should run straight to the point in the corner near Zulficar. I said that if the Russian Government laid great stress on having Karez as a sanitary station, we would be prepared not to object to that, but on condition that they engaged not to interfere with the existing arrangement by which the quarantine in the Persian Gulf was under British control. M. Isvolsky said that again on this question there entered a reference to the Persian Gulf which he desired to keep out of the Convention. Moreover, he thought that the compromise was a little one-sided. We gave to them permission to establish a sanitary station at one place, and then required an acknowledgment on their part of our control over several localities. I observed that all that we requested was the admission of an arrangement already in force, while we were willing to cede a point only in contemplation. His Excellency said that he wished to think over this question.

I was much impressed by two facts in my conversation with M. Isvolsky: (1) his anxiety to exclude from consideration any matters affecting the Persian Gulf, as he evidently anticipates and fears that if we insist upon the inclusion in the Preamble of the draft Convention of a recognition of our special interest in the maintenance of the *status quo* in that region, Germany will exhibit, in some form or another, her displeasure at Russia having met our wishes in that respect. It is perfectly clear to me that M. Isvolsky will not run the risk of impairing in the slightest degree the good relations between Russia and Germany, especially at a time when Russia has not yet emerged from her internal difficulties or repaired the losses which she has suffered in a disastrous campaign. The second fact is that M. Isvolsky is exceedingly eager to hasten on as rapidly as possible the conclusion of the negotiations. On this point I have not seen him, during the progress of our discussions, so emphatic or so eager. It was evident to me that either in home circles or outside something had occurred which had impressed on him the urgent necessity of losing no further time.

In these circumstances I venture to submit that we should not insist upon points which may either delay the conclusion of the negotiations or which may even imperil their ultimate success. Leaving on one side public opinion either in Russia or in England, which probably will not be a constant factor, and regarding simply the enormous advantage to be acquired by the cessation of the rivalries and disputes which for so many years have strained and endangered the relations between the two countries, and the inestimable benefits to be gained by an amicable understanding between the two Great Powers in Asia, I would suggest that it would be most regrettable if an opportunity which may never recur should be lost, and if, owing to insistence on points which are not of vital importance, the hopes of a durable arrangement were to be disappointed. It seems to me that by the Conventions, even as they at present stand, we have secured all the guarantees which are necessary to the safety of our Indian frontiers; and that we have removed to a reasonable distance the danger of Russian aggression. As regards the Persian Gulf, even admitting that the approach to those waters is not definitely barred—and in present circumstances this could hardly be achieved—we have for the defence of our interests in those regions our naval preponderance with which no Power can compete. In order, therefore, to profit by the present eagerness of M. Isvolsky to put his seal to the arrangements on which we have practically already come to an agreement, I would respectfully urge that we should be conciliatory on minor details, and even on a question of public sentiment, and lose no time in finally concluding negotiations which have lasted for so many months.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 6.

Memorandum communicated by Sir A. Nicolson to M. Isvolsky.

HIS Majesty's Embassy had the honour to receive the *aide-mémoire*, with its Inclosure, which the Imperial Ministry for Foreign Affairs was good enough to communicate on the 23rd May (5th June) regarding the Preamble and the four first Articles of the draft Convention concerning Persia.

His Majesty's Embassy has, in the first place, the honour to state that His Majesty's Government accept the amendments proposed by the Imperial Ministry for Foreign Affairs in Articles II, III, and IV.

In regard to the Preamble, His Majesty's Embassy would beg leave to point out that His Majesty's Government agree to omit the passage from the words "constatant l'effet" to the words "entre eux-mêmes"; but they consider it desirable to retain the passage in regard to equal opportunity for the commerce of other countries, and they fear that the exclusion of the words "aussi bien que d'établir des avantages égaux pour le commerce et l'industrie de toutes les nations" would expose the Convention to criticism in Persia and in all countries having commercial relations with her. In order, however, to render the passage consistent with Articles I and II, which especially exclude Great Britain and Russia from seeking concessions in the sphere of the other, His Majesty's Government would be prepared to substitute the words "toutes les autres nations" for "toutes les nations."

His Majesty's Embassy desires also to state that His Majesty's Government consider it to be of great importance that reference should be made in the Preamble to the special interest of Great Britain in the maintenance of the *status quo* in the Persian Gulf, and a passage has consequently been inserted to that effect. His Majesty's Embassy does not doubt that the Imperial Russian Government will agree to this insertion.

With respect to Article I, His Majesty's Embassy would beg leave to point out that the tracing of the Russian line, as proposed in the *aide-mémoire* of the 23rd May (5th June), would bring the line on leaving Kakh extremely close to the Afghan frontier, and would be open to the same objections as His Majesty's Embassy had the honour to formulate in regard to the original proposal that the line should terminate near Kuhsan. His Majesty's Embassy would beg leave to recapitulate these objections, which were to the effect that the Russian and British spheres of interest are, as mentioned in the Preamble, contiguous or in proximity to the Russian frontier on the one hand and the frontiers of Afghanistan and Beluchistan on the other, and that no mention is made of a Russian sphere as contiguous with the Afghan frontier. Moreover, Great Britain is responsible by Treaty engagements for the settlement of frontier disputes between

Persia and Afghanistan, and the introduction of another Power having special interests on the Perso-Afghan frontier would tend to complicate matters. Moreover, Zulficar is well within the territory of Afghanistan, and His Majesty's Embassy would therefore propose to the Imperial Government that the wording of the passage concerning the line should run as follows: "From Kasri-Chirin by Ispahan, Yezd, and Kakh and terminating at a point on the Persian frontier adjoining the intersection of the Russian and Afghan frontiers."

It is thereby understood that Khaf, Kiariz, and the mountain Kuh-Benitak would lie outside of and to the eastwards of the line. If, however, the Imperial Russian Government consider that the maintenance of a sanitary station at Kiariz (Karez) is indispensable, His Majesty's Government will not object to that, provided that the Russian Government will agree not to interfere with the existing arrangement, whereby quarantine on the Persian Gulf is under British control.

His Majesty's Embassy has the honour to inclose the Preamble and Article I as amended in accordance with the wishes of His Majesty's Government.

St. Petersburg, June 10 (23), 1907.

[21776]

No. 7.

Sir A. Nicolson to Sir Edward Grey.—(Received July 2.)

(No. 311.)
Sir,

IN accordance with the instructions conveyed to me in your telegram No. 90 of the 21st instant, I handed yesterday to M. Isvolsky an *aide-mémoire*, of which I have the honour to inclose a copy, relative to the question of the prolongation for twenty years of the Concessions of certain British telegraph lines in Persia. His Excellency said that he would look into the matter and give me a reply later.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 7.

Aide-mémoire communicated by Sir A. Nicolson to M. Isvolsky.

HIS Majesty's Embassy had the honour to receive the *aide-mémoire* dated the 16th (29th) May, in which the Imperial Ministry for Foreign Affairs raised certain objections to an application being now made to the Persian Government for the prolongation for twenty years of the Concessions of the telegraph lines from Tehran to Bushire, from Jask to Gweldur, and of the Central Persian telegraph line to Robat.

His Majesty's Embassy would beg leave to state that His Majesty's Government always considered that the maintenance of existing Concessions, as provided for in Article III of the draft Convention, implied their renewal if the Persian Government agreed thereto, and this view His Majesty's Government still maintain in principle.

His Majesty's Embassy is, however, in a position to make the following proposal as a solution of the difficulty, viz., that the Imperial Russian Government should not object to the renewal of the above-mentioned Concessions, and in return His Majesty's Government would surrender to the Imperial Russian Government their rights over the Tehran-Khanikin line.

In order to avoid introducing questions relative to these telegraph lines into discussions on the draft Convention, His Majesty's Embassy is authorized to propose to the Imperial Russian Government that the seat of the negotiations respecting the telegraph questions might be conveniently transferred to London, and, if the Imperial Government see no objection, that the Russian Ambassador in London be authorized to conduct them. These negotiations could be carried on concurrently with those at St. Petersburg respecting the draft Convention, in order that both may be simultaneously concluded.

St. Petersburg, June 10 (23), 1907.

[21818]

No. 8.

Mr. Preece to Foreign Office.—(Received July 2.)

Sir,

1, St. James' Place, London, July 1, 1907.

I HAVE the honour to acknowledge the receipt of your despatch of the 24th instant.

In reply, I beg to state that, in the opinion of the Syndicate, the suggestion that negotiations with the Bakhtiari Chiefs should be intrusted to Captain Lorimer entirely is a matter for Sir Cecil Spring-Rice alone to decide.

They are fully persuaded that they will be carried on by that officer in a perfectly satisfactory manner, and that doubtless Sir Cecil Spring-Rice is correct in thinking that, by shifting the venue, the Chiefs imagine they can get better terms, also that it will put the whole question on a better business footing. As long as the Chiefs know that the Legation and the Government in no ways are loosening their interest and hold on the Concession, and that Captain Lorimer is the Agent of the Legation, no harm will accrue—rather, I take it, that there is better chance of permanent good being done.

The only fear of the Syndicate was that the Legation might lose touch with the question, and so cause the Chiefs to imagine that they might play any pranks they pleased.

I have, &c.
(Signed) J. R. PREECE.

[21870]

No. 9.

Sir A. Nicolson to Sir Edward Grey.—(Received July 2.)

(No. 117.)
(Telegraphic.) P.

St. Petersburg, July 2, 1907.

PERSIAN Convention.

I notice in text of Article I of the Persian Convention, as sent to me, that Isfahan is omitted in tracing of Russian line. As line must pass through this town, and we have raised no objections to it, this is, I presume, a slip.

[21849]

No. 10.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 2.)

(No. 166.)
(Telegraphic.) P.

Gulahek, July 2, 1907.

I WAS assured by the German Minister that there was no question of a German loan. The French Minister has been told by Herr Gutmann that an arrangement had been made between Russia and Germany, and that he had therefore no fear of the opposition of the former.

[20715]

No. 11.

Foreign Office to India Office.

Sir,

WITH reference to Sir A. Nicolson's telegram No. 91 of the 14th ultimo, relative to the transfer of the control over the two lines between Tehran and Meshed and Meshed and Seistan, copy of which was forwarded to you the same day, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from his Excellency, transmitting copy of an *aide-mémoire* communicated to him by the Russian Minister for Foreign Affairs, stating the terms on which, in the view of his Government, the exchange should take place.

I am also to forward copy of a further telegram from Sir A. Nicolson in answer to my telegram No. 23 of the 27th ultimo,† stating that M. Isvolsky is disposed to adopt a friendly attitude as to the prolongation of British Telegraph Concessions, in particular

* See Part X, No. 263.

† See Part X, No. 276.

the section from Tehran to Ispahan, and inquiring whether the draft proposed by his Excellency for the control of the two lines above mentioned may now be accepted.

Sir E. Grey is of opinion that, in the present circumstances, there is no objection to the adoption of M. Isvolsky's draft, and he would be glad to learn whether Mr. Morley concurs in this view. As it is very desirable that the present negotiations should be concluded with as little delay as possible, Sir E. Grey would be glad to receive an early reply to this letter.

I am, &c.
(Signed) LOUIS MALLET.

[21958]

No. 12.

Sir A. Nicolson to Sir Edward Grey.—(Received July 3.)
(No. 118.)

(Telegraphic.) P. St. Petersburg, July 3, 1907.

PERSIAN Gulf: My telegram No. 115 of the 30th ultimo.

I received M. Isvolsky's reply to my letter this morning. He regrets to state that the doubts expressed in his *aide-mémoire* are not removed, though he has studied the new proposal with the sincerest desire of coming to an agreement. Although in the new proposal the interests of third Powers are given a far greater measure of consideration, the principal objection is not removed, namely, that a completely new element, foreign to its original aim, is introduced into the Convention. The questions connected with the Persian Gulf touched very diverse interests, and were of a complex nature, and it would consequently be difficult to bring them within the scope of the Convention as proposed; in fact, the Persian Gulf as a whole could not be considered as an integral part, and still less as a dependency of Persia. The Russian Government would have no objection to an exchange of views later with His Majesty's Government on the special position acquired by Great Britain in the Gulf, and in formulating the present objection she wished in no way to ignore that position. He was, however, sincerely desirous of coming to definite agreement as soon as possible on the points which were the object of the present discussions, and he therefore begged the British Government to renounce their proposal of mentioning their special interests in the Gulf in the preamble of the Convention.

I have tried my best to convince him, but I am confident that he will not waive his objections, and I fear that it would be of no purpose to continue to press the point. He probably consulted the Emperor, with whom he had an interview yesterday, and the whole Arrangement may be blocked if we urge the question further. Please let me know your views on this telegram as soon as possible.

[21960]

No. 13.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 3.)
(No. 167.)

(Telegraphic.) P. Gulahek, July 3, 1907.

YOUR telegram No. 78 of the 29th June.

The written Persian request respecting the suspension of the sinking fund has not yet been handed to me. I concur with the Russian Minister in thinking that the Legations should make in writing a distinct and firm statement as to foreign loan from other quarters when it does arrive.

There are indications that the Persian Government have reasons to expect a German loan, although there is no distinct evidence of its imminence.

With regard to the alleged Russo-German Financial Agreement, the Russian Minister has received no sort of warning not to oppose the German project if it appears injurious to Russian interests, and M. de Hartwig does not believe in it.

We have both, while carefully avoiding any hostile action, warned the Persian Government that no new bank privileges injurious to existing banks must be granted, and that, as in the case of Russian and British concerns, the Concession must be submitted to public discussion in the Assembly.

[22039]

No. 14.

Persian Transport Company to Foreign Office.—(Received July 4.)

3, Salter's Hall Court, Cannon Street, London,
July 3, 1907.

Sir,
I HAVE the honour to refer to your letter of the 21st May on the subject of the Bakhtiari road.

I am directed to say, in reply to the observations contained in the letter of the 22nd April from His Majesty's Minister in Tehran, that the Company agree to defer to the wishes of His Majesty's Vice-Consul at Ahwaz, and not to press for a joint inspection of the road by Captain Lorimer and a representative of the Company; also that the Company will be glad to send an inspector to advise and report on the repairs needed on the road if the Khans will agree to pay the cost of this inspection.

The Company consider they have a right to expect the track to be kept in condition quite as good as or better than when they handed it over. The road was built for a very small sum of money, and the fact that the original rough estimate had to be exceeded has ever since been a source of trouble. The Company is obviously unable to meet two mutually destructive arguments—one that they did too little, and that little badly (Vice-Consul Lorimer), and the other that they did too much, aiming at a "Rotten Row across the Bakhtiari Mountains" (Consul-General Prece). The results achieved for British trade through the agency of this road encourage its constructors who have received nothing but obloquy in return, to remain satisfied with the sentiment expressed by a slight alteration of a line of Horace, "Quibus profluit me sibilant; at milii plundo ipse domi." The magnificent revenue to the Khans which has resulted from a comparatively small expenditure allows of no question whatever that the expenditure was advisable, and that the Khans have ample means to effect all necessary repairs out of income. Under these circumstances, we think that we should not be taxed with having made a road which is not perfect, and we strongly hold that the annual expenditure in upkeep ought not to be limited even to the sum necessary to keep it in its original condition, seeing that the continual increase of traffic calls for improvements which were not essential until that increase of traffic came. Unless such repairs as are necessary be effected, the traffic will disappear more quickly than it has arisen.

We have issued instructions for an inspection and overhaul of the bridges at the earliest favourable moment.

We do not think it is useful to follow Vice-Consul Lorimer's observations, that there may be other Persian roads as defective in the matter of forage and supplies, and that the question of "tufangchis" inspires despair. We feel sure that His Majesty's Minister will continue to give consideration to our views on these difficult questions, and wherever opportunity presents will continue to support our efforts to secure facilities, not the same as, but better than formerly for British trade with Persia.

I have, &c.
(Signed) H. W. MACLEAN, Secretary.

[21758]

No. 15.

Sir Edward Grey to Sir A. Nicolson.

(No. 98.)
(Telegraphic.) P.

Foreign Office, July 4, 1907.

WITH reference to your telegram No. 116 of the 1st instant, it is considered desirable that the form of the Agreements which are to be concluded with Russia should be that of three Conventions; the three Conventions shall be sent to you in proper form by next messenger.

It is unnecessary to mention ratification; you possess the requisite full power.

[20509]

No. 15*.

Foreign Office to Imperial Bank of Persia.

Sir,

I LAID before Secretary Sir E. Grey your letter of the 20th ultimo, inclosing a Memorandum relative to the indebtedness of the Persian Government to the Imperial Bank of Persia.

I am directed to inform you, in reply, that His Majesty's Government fully recognize the claim of the Bank to their support, and that they are in correspondence with His Majesty's Minister at Tehran on the subject.

I am, &c.
(Signed) F. A. CAMPBELL.

[22162]

No. 16.

India Office to Foreign Office.—(Received July 5.)

Sir,

IN continuation of my letter of the 8th May, 1907, as to the renewal of the contracts of the Indo-European Telegraph Department in Persia, I am directed by Mr. Secretary Morley to forward a copy of a further Memorandum by the Director-in-chief on the subject.

Mr. Morley concurs generally in the views expressed by Mr. Kirk, and would suggest that His Majesty's Minister at Tehran be instructed to intimate to the Persian Government, when the time comes to discuss the renewal of the contracts, that, while we see no reason to forego the right of claiming compensation in the event of the lines suffering serious and extensive injury owing to internal disorders for which the Central Government must be held responsible, it is not our intention in future to put forward claims for compensation for acts of ordinary damage such as have occurred in the past, the Persian Government, on their side, undertaking to make their local officials do all in their power towards the safe maintenance of the line.

I am, &c.
(Signed) A. GODLEY.

Inclosure in No. 16.

Memorandum by Mr. Kirk respecting the Renewal of the British Telegraph Conventions in Persia.

WITH reference to my Memorandum dated the 25th April last, on the renewal of the British Telegraph Conventions in Persia, I have to report that I have heard from the Director of Telegraphs at Tehran that the British Minister there considers that it would probably be of considerable assistance to him towards obtaining the renewal that is desired, if the right of obtaining compensation for wilful damage to the Departmental telegraph-lines in Persia from the Persian Government was given up. In the Telegraph Convention of the 2nd December, 1872, clause 12, it is laid down that, "In case of any wilful damage to the line, the expense of repairing the same shall be defrayed by the Persian Government." It appears that the payment of the sums due for compensation for wilful damage to the lines is obtained, if possible, from the local Persian authorities of the district where the damage takes place. If the payments cannot be obtained by the Department locally, the British Minister is then called on to deduct them from the subsidy paid to the Persian Government, known as the Jask royalty. In the ten years ending with the year 1905-1906 the Persian Government have paid for wilful damage on an average per annum 2,640 rupees (176*l.*), of which 613 rupees (41*l.*) were paid locally, and the balance, 2,027 rupees (135*l.*) deducted from the Jask royalty. The greater part of the damage done is in the spring and autumn, when the nomad tribes are moving up to and from their summer quarters. The nomads damage the lines and the inhabitants of the villages near are called on to pay the fines. It is believed that the knowledge that fines have to be paid incites the nomads to damage the lines, and thereby punish villages with which they are unfriendly.

This system of claiming compensation therefore leads to much correspondence between the local Persian authorities and telegraph officers and to villagers being fined for offences they are not responsible for, which naturally leads to local ill-feeling against the Telegraph Department. When local compensation is not obtainable, the cases have to be reported to head-quarters at Tehran, and this entails more correspondence and reports. Finally, the British Minister has to take up the case with the Persian Government, and eventually has the unpleasant duty of deducting from the Jask royalty the amount of compensation for wilful damage that remains unpaid. As I have pointed out, we obtain on an average 176*l.* per annum in the way of compensation, and it would appear that the collection of this comparatively small sum causes so much trouble and controversy, both locally and at Tehran, that the British Minister considers it would be advisable to abrogate our right to compensation. The Director of Telegraphs recommends the same course, and there is no doubt that the Persian Government would very gladly see the right to compensation annulled.

It might happen, however, that there might be civil or military disorders in Persia, during which the telegraph lines might suffer serious and extensive damage, and therefore it would be well to retain our right to claim compensation in such cases. With a view to obtaining a renewal of the Telegraph Conventions, the Persian Government might be informed, if this renewal was granted, that the Indo-European Telegraph Department would at once be instructed to put forward no claims for compensation for acts of ordinary wilful damage to the telegraph lines, the Persian Government, on their side, undertaking to make their local officials do all in their power towards the safe maintenance of the lines. This arrangement would be, it seems to me, all that the British Minister at Tehran desires, and the Telegraph Department could very well bear the small loss that is entailed by it if it helps to bring about a renewal of its telegraph concessions for a further term of twenty years.

(Signed) H. A. KIRK.

June 26, 1907.

[22161]

No. 17.

India Office to Foreign Office.—(Received July 5.)

Sir,

I AM directed by Mr. Secretary Morley to acknowledge the receipt of your letter dated the 18th ultimo, as to a proposal to recover from the Persian Government the sum of 2,000*l.* due as compensation for the attack on Lieutenant-Colonel Douglas and Captain Lorimer, by withholding payment of the Jask royalty.

In reply, I am to inclose a copy of a Memorandum by the Director-in-chief of the Indo-European Telegraph Department on the subject, and to state that Mr. Morley entirely agrees in the view that it would be undesirable to effect the recovery in the manner proposed.

Apart from the question of the mode of recovery, I am to invite attention to the fact stated in Sir Horace Walpole's letter of the 23rd February, 1906, that the claim against the Persian Government was not at all a strong one.

I am, &c.
(Signed) A. GODLEY.

Inclosure in No. 17.

Memorandum by the Director-in-chief of the Indo-European Telegraph Department.

THE Jask royalty, which amounts approximately to 500*l.* per annum, is paid out of the revenue of the Indo-European Telegraph Department to the Persian Government. Under present arrangements deductions are made from the royalty, before payment is made, of any sums due to the Department on account of compensation for wilful damage done to the lines. As much as 270*l.* has been deducted on this account, but the average deduction is about 135*l.* As the amounts withheld are so treated on account of considerations connected with the telegraph the arrangement appears reasonable, but to withhold any part of the subsidy for other than telegraph considerations would certainly be very harmful to the Department, more especially when more telegraph concessions are wanted. The Persian Government

would come to consider the promise to pay a telegraph subsidy of little value, when they find a subsidy of the kind is being withheld to pay a claim that is in no way connected with telegraphs.

(Signed) H. A. KIRK.

June 26, 1907.

[22149]

No. 18.

India Office to Foreign Office.—(Received July 5.)

Sir,

IN reply to your letter of the 26th ultimo, as to the financial situation in Persia, I am directed to state that Mr. Secretary Morley agrees in the view that it would be expedient that the British and Russian Governments should consent to a formal request by the Persian Government for a suspension of the sinking fund on their respective loans, subject to the condition that Persia undertakes not to contract any foreign loan without the option of advancing the money being first given to the two Governments. The effect of this will be, as indicated in the letter under reply, to compel the Persian Government to accept the joint Anglo-Russian loan of 200,000*l.* which has already been offered them on the condition that the money is to be applied for the necessities of current administration, and not to the repayment of old debts.

As regards the suspension of the sinking fund, I am to observe that no payment either of interest or capital has been made in respect of the annuity falling due in April last. The conditions on which it was agreed to forgo payment were stated in the telegram to Sir C. Spring-Rice, No. 47 of the 16th April last.

I am, &c.
(Signed) A. GODLEY.

[22134]

No. 19.

India Office to Foreign Office.—(Received July 5.)

Sir,

IN reply to your letter of the 2nd instant, I am directed by Mr. Secretary Morley to say that he concurs in the view of the Secretary of State for Foreign Affairs that the draft of the Russian Minister for Foreign Affairs as to the arrangements for the exchange of the control over the Tehran-Meshed and Meshed-Seistan telegraph lines may be accepted, subject to the condition that the Russian Government agree to adopt a friendly attitude as to the prolongation of the Concessions of the Indo-European Telegraph Department, particularly as regards the sections from Tehran to Ispahan and Yezd.

Copy of a Memorandum by the Director-in-chief of the Indo-European Telegraph Department is inclosed.

I am, &c.
(Signed) A. GODLEY.

Inclosure in No. 19.

Memorandum by the Director-in-chief of the Indo-European Telegraph Department.

AS regards the Tehran-Meshed line, the proposal is that the British Administration should make over the control and all its rights over it to the Russian Administration. The British control of the line could be stopped at any time by the Persian Government, and we have no special rights over the line. The proposed transfer, therefore, might give nothing to Russia except the removal of the British control with its consequent local influence.

With reference to the Meshed-Seistan line, the proposal is to divide the line into two sections at a point in the neutral zone; north of this point the line to be under the control of the Russian Administration, and south of it under British control.

All the Russian rights over the part of the line that is to be transferred to British control are to be made over on the transfer, but it is not improbable that it may be

found that there are no special rights that are acknowledged by the Persian Government. The proposed arrangement gives sole control of the lines running into Meshed to the Russian Administration, so that all telegraphic communications with the British Agent there will pass through the Russian telegraphic offices. This is a disadvantage, but it is one that might be accepted if the Russian Government agreed, as it appears it may do, to adopt a friendly attitude as to the renewal of the British Telegraph Conventions.

There is no objection, as a telegraph arrangement, to the proposal that the southern end of the Russian line and the northern end of the British line should be terminated at commutators, which can be connected with each other for through telegraph working. The reference to frontier stations would seem to imply that British signallers would not be allowed into the Russian-controlled offices, or *vice versa*. It has to be noted that the control of the southern half of the Meshed-Seistan line would be of small advantage unless we obtain a line from Seistan to the frontier at Robat.

It appears to me that M. Isvolsky's draft might be accepted, provided its acceptance is coupled with the condition that the Russian Government agrees to adopt a friendly attitude towards the British proposals for renewal of our Telegraph Conventions and for the construction of the line from Seistan to Robat.

(Signed) H. A. KIRK.

July 3, 1907.

[22213]

No. 20.

Sir A. Nicolson to Sir Edward Grey.—(Received July 5.)

(No. 120.)

(Telegraphic.) P.

St. Petersburg, July 5, 1907.

IN order to secure quarantine arrangements from interference, I venture to suggest that we might add to clause of Article III of Persian Convention, in regard to maintenance of existing Concessions, a sentence to following effect, "and both Contracting Parties engage not to interfere with any public services intrusted by the Persian Government to either." The privilege of Russian Government to instruct and officer Cossack brigade would also be secured by this.

It might be as well to ascertain attitude of Russian Government in regard to Afghanistan and the tracing of the Russian line in Persia before moving ourselves, and I would therefore venture to suggest that we should make no further proposals as to Persia until the Russian replies on both these questions have been received.

[21958]

No. 21.

Sir Edward Grey to Sir A. Nicolson.

(No. 99.)

(Telegraphic.) P.

Foreign Office, July 5, 1907.

YOUR efforts, as reported in your telegram No. 118, to obtain insertion of mention of our special interests in the Persian Gulf in the Persian Convention are appreciated by His Majesty's Government. We note that the Russian Minister for Foreign Affairs is unwilling to accede to our wishes.

You should now make a written communication to him to the effect that, in order to meet his views and to accelerate the signature of the Agreement, we are prepared to abandon our proposal, and that we take note of the statement contained in his Memorandum that the Russian Government do not call in question our special interest in the maintenance of the *status quo* in the Persian Gulf.

You should also point out to his Excellency that, owing to public opinion in this country, I shall be compelled to make a public declaration of our views on the Gulf situation. This statement will be on the lines of maintaining the *status quo* in the Gulf, and I shall add that we have reason to believe that the question of the Persian Gulf is not likely to give rise to difficulties between Russia and ourselves. I will in due course communicate the terms of the declaration to you.

[22134]

No. 22.

Sir Edward Grey to Sir A. Nicolson.

(No. 100.)

(Telegraphic.) P.

MESHED-SEISTAN telegraph line.

Your telegram No. 114 of the 29th June.

Subject to condition that Russian Government adopt friendly attitude as to prolongation of Concession of Indo-European Telegraph Department, as regards particularly the sections from Tehran to Ispahan and Yezd, we accept Russian draft as to transfer.

[22213]

No. 23.

Sir Edward Grey to Sir A. Nicolson.

(No. 101.)

(Telegraphic.) P.

PERSIAN Convention.

Your telegram No. 120.

I doubt if the Russian Government would agree to accept your proposal, in view of their objections to touching any question affecting the situation in the Persian Gulf. The proposal could only apply to quarantine and telegraphs in our case. The instructions still hold good which were sent to you in my telegram No. 89 to press for the non-interference with our quarantine arrangements. In any case, should any interference with quarantine in the Gulf be attempted, we are in a strong position to prevent it. You have full discretion as to when you should make any further proposals, as we quite agree with the views contained in the last paragraph of your telegram.

[21759]

No. 24.

Foreign Office to Imperial Bank of Persia.

Sir,

WITH reference to my letter of the 4th instant, I am directed by Secretary Sir E. Grey to inform you that a telegram has been received from His Majesty's Minister at Tehran, reporting that he has urged upon the Persian Government the necessity of settling the claims of the Imperial Bank of Persia.

I am at the same time to inquire whether it is the case that the bank has recently floated a new loan, as a passage in the telegram from Sir C. Spring-Rice would seem to indicate, although the reference is obscure.

I am, &c.
(Signed) LOUIS MALLETT.

[22271]

No. 25.

India Office to Foreign Office.—(Received July 6.)

Sir,

IN reply to your letter of the 3rd instant, I am directed to state that Mr. Secretary Morley concurs in the terms of the telegram which the Secretary of State for Foreign Affairs proposes to address to His Majesty's Minister at Tehran as to the arrangement to be made with the Persian Government for the Koh-i-Malik Siah telegraph extension.

I am, &c.
(Signed) A. GODLEY.

[22344]

No. 26*.

Sir A. Nicolson to Sir Edward Grey.—(Received July 6.)

(No. 122.)

(Telegraphic.) P.

ANGLO-RUSSIAN negotiations.

St. Petersburg, July 6, 1907.

Referring to Foreign Office telegram No. 99 of the 5th instant.

In order to permit declaration to be made in regard to Persian Gulf, it is important that Conventions should at latest be concluded by end of July, as I suppose Parliament rises about the middle of next month. I have told M. Isvolsky we must terminate negotiations in three weeks. I am urging him to give me the replies of the Russian Government as to Afghanistan as early as possible, and I will do my utmost to hasten on conclusion of the Conventions.

The Russian proposals as to Afghanistan may give rise to difficulties, and I am rather afraid the Conventions may not be signed as soon as is desired. If, however, the Conventions cannot be published before Parliament rises, and a delay thereby caused in making the declaration, I venture to suggest that a way out of the difficulty might be found in my mentioning in covering despatch which would be published with the Conventions that I had addressed to the Minister for Foreign Affairs, in accordance with your instructions, the following communication, and I might then state terms of declaration.

[22343]

No. 26.

The Imperial Bank of Persia to Foreign Office.—(Received July 6.)

Sir,

25, Abchurch Lane, London, July 6, 1907.

IN reply to your letter of yesterday's date I am directed to state that without seeing the passage in Sir Cecil Spring-Rice's telegram it is difficult to understand to what he refers. The Board of the Imperial Bank have not taken any such action, nor would they do so without the knowledge and approval of the Foreign Office.

I have, &c.

(Signed) MACLEAN.

[20502]

No. 27.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 80.)

(Telegraphic.) P.

Foreign Office, July 6, 1907.

KUH-MALIK SIAH extension.

Your telegram No. 111 of the 9th May.

Indian Government are prepared to assist in construction on same terms as in case of Henjam-Bunder Abbas line, and to sell telegraph material at Robat at rate list value exclusive of cost of transport.

Above terms consist in construction of line as a Persian Crown line by Indo-European Telegraph Department at a price not exceeding the expenditure shown to be necessary by previously prepared estimate, and on completion and repayment of cost to be handed over to Persian Telegraph Administration.

Persian Government would have to give pledge, as a condition to line being provided on these terms, that none but British and Persian employés will be allowed on the line and its offices, and the control of the line will never be made over to any other foreign Company or Government other than British. Maintenance of line when taken over would be undertaken by Persian Government, who should guarantee the eventual payment of cost of construction.

You should point out to Persian Government, while making above proposal, the extremely cheap rate at which material would be charged for.

(Confidential.)

Until Persian Government repay cost, line will be under direct control of Telegraph Department, which is the advantage of above arrangement, as they are not likely to be able to repay for some time. They would be enabled by recovery of cost by reduction of subsidies due from Indian Government to claim control of line from the first as being their own property, to be paid for by instalments.

[22365]

No. 28.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 7.)

(No. 170.)

(Telegraphic.) P.

Tehran, July 7, 1907.

ROBAT-SEISTAN Line: Your telegram No. 80 of the 6th instant.

Our Department has received no further request from Persian Telegraph Department.

The Russian Minister will oppose if I raise question officially, especially as Persian Director of Telegraphs is practically under the protection of Russia.

Am I to act independently, or is Russian Government informed?

[22385]

No. 29.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)

(No. 119.)

Gulahek, May 27, 1907.

Sir,
I HAVE the honour to inform you that the Shah to-day received the foreign Representatives with their staffs at the Palace on the occasion of his birthday.

There had been a considerable amount of excitement in the town owing to the rumours emanating from Tabreez to the effect that His Majesty had authorized a robber chief to take violent measures against the population of Azerbaijan, with the result that there had been considerable loss of life, and also that certain persons connected with the Court had been empowered to arrange for the assassination of members of the local Assembly. As a result, the townspeople had been ordered not to illuminate as usual in honour of the Shah's birthday. A deputation called on M. Rabino, the Manager of the Imperial Bank, and politely requested him to forego the usual illuminations. He said he could not consent except at the request of the Government, and finally a letter was obtained from the Attabeg-i-Azam which recommended compliance with the popular request.

Notice had also been served on the Turkish Ambassador, as doyen, advising him against making the customary visit of congratulation. At the same time it was given out that foreigners should be treated with respect and consideration.

As, however, the Shah had yielded to the popular demands for the arrest and trial of the incriminated persons, the excitement had calmed down by the morning, and the streets presented their usual appearance, though there was no attempt at decoration as had been customary in former years. There was no attempt at interfering with the foreign Representatives as they proceeded on their way to the Palace. I am told by some of the ghulams who preceded us that the bystanders showed a friendly interest in His Majesty's Legation, who, in accordance with precedent, went on horseback followed by the Indian guard.

On arrival at the Palace the Diplomatic Corps was marshalled in extremely close order by Count Monteforte, the foreign nobleman of doubtful antecedents who does duty on these occasions. The Turkish Ambassador delivered an address of congratulation, in the course of which His Majesty turned his face away and showed an evident lack of interest. His Majesty then passed along the line, asking in the briefest possible language after the health of the foreign Representatives. The Russian Minister and I, who were both anxious to present to His Majesty some newly-arrived members of our staffs, had some difficulty in performing this duty, and His Majesty made no allusion to the personal telegrams sent him that morning by the King of England and the Russian and German Emperors. At the close of the proceedings, which were of the briefest duration, His Majesty retired into an inner room accompanied by M. Chapsal, the Russian Jew, who at present enjoys his confidence. It was observed that no one else was invited to accompany His Majesty.

In the evening the Shah's father-in-law, the Naib-es-Sultaneh, the unpopular Minister of War, gave a banquet in honour of the Shah's birthday. Several Princes and dignitaries who had been invited declined at the last moment, and, with the exception of the Foreign Minister, no member of the Foreign Office attended. It had been announced that a demonstration (it was said in the form of a bomb) would probably be made against the Minister during the evening, but no incident occurred, although the unexpected absence of some of the expected guests occasioned some confusion. After dinner there was the usual display of fireworks, which lasted till late at night.

I have, &c.

(Signed) CECIL SPRING-RICE.

[22387]

No. 30.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)

(No. 121.)

Sir,

WITH reference to my despatch No. 71 of the 21st April, I have the honour to transmit herewith copy of a despatch, with inclosure, from His Majesty's Consul-General at Bushire respecting the relations between the Sheikh of Mohammerah and the Moin-ut-Tujjar. The subject is of special interest as bearing upon the Karun

Gulahek, June 6, 1907.

irrigation scheme, as to the situation and prospects of which I reported fully in my above-mentioned despatch. You will observe that Sheikh Khazzal does not appear to have recently taken any further steps in the matter, but his tender, including the right to obtain foreign capital, if necessary up to one-third or one-half of the total capital, would appear to offer the most satisfactory solution, as he would in any case have to provide the labour and guarantee the security of the works.

The Moin's desire to represent himself as the Sheikh's agent here, with full powers, is remarkable, and, coupled with his attitude towards Messrs. Lynch, seems to indicate that he intends to obtain a predominant position, if not an exclusive control, in the Karun district. In a recent conversation with Abbas Kuli Khan he spoke as if eventually he counted on being able to construct a railway by the Dizful-Khoremabad route, which, as he truly said, would be of the greatest advantage to European maritime trade, in which he himself is personally interested.

I should add that the Dutch Minister has not again approached me on this subject. Herr Gutmann, Director-General of the Deutsche Orient Bank, has stated that he has not applied for a Concession for irrigating the Karun Valley, which he seems to regard as too large an undertaking for a single firm. He expressed an opinion favourable to the establishment of an international Company.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 30.

Major Cox to Sir C. Spring-Rice.(No. 57. Confidential.)
Sir,*Bushire, May 17, 1907.*

I HAVE the honour to forward herewith, for your Excellency's information, a copy of the letter which I have addressed to the Government of India on the subject of the relations between the Sheikh of Mohammerah and the Moin-ut-Tujjar.

I have, &c.
(Signed) P. Z. COX,
British Resident in the Persian Gulf, and His Britannic
Majesty's Consul-General for Fars, Khuzistan, &c.

Inclosure 2 in No. 30.

Major Cox to Government of India.(Confidential.)
Sir,*Bushire, May 15, 1907.*

WITH reference to the observations made in my letter dated the 17th March last regarding the precise relations between the Sheikh of Mohammerah and the Moin-ut-Tujjar, I have the honour to report that Mr. McDouall writes that Haji Rais-ut-Tujjar has given him the following information:—

The Moin three months ago asked the Sheikh to appoint him his agent, with full powers. The Sheikh replied that at present, as affairs in Tehran were unsettled, he did not see his way to doing so. He finds the Moin a useful agent to convey messages to Ministers, or to ask questions of or through, but does not trust him sufficiently to give him full powers, which he might use in his own interests.

Shortly before the fall of the Ain-ed-Dowleh the Sheikh asked the Moin to tell Ain-ed-Dowleh that if a Concession was to be given for the irrigation on the Karun he was prepared to take it, and gave an outline of the terms he would take it on, which included a right to obtain foreign capital, if necessary, up to one-third or one-half of total capital required. Since the Ain-ed-Dowleh fell he has taken no steps in the matter.

As the Moin seems to talk as if he was fully empowered to speak with authority for Sheikh Khazzal, this information is of some interest.

2. I am sending a copy of this communication to the Minister, but, as the post is precarious at present, it seems best to telegraph brief purport at the same time.

I have, &c.
(Signed) P. Z. COX,
Political Resident in the Persian Gulf.

[22388]

No. 31.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)

(No. 122.)

Sir,

I HAVE the honour to transmit to you herewith copy of a despatch, with inclosures, which I have received from Major Sykes, His Majesty's Consul-General at Meshed, on the subject of zones of influence in Persia.

With regard to his suggestions as to a change in the present Consular representation of Russia and England in this country, I venture, with all due deference, to point out that this question is one which deserves very careful consideration.

I do not suppose that any objection, on political grounds, could be urged by Russia against our present arrangements for Consular representation at Resht. A Vice-Consul without a Consular guard, charged with the duties of making Commercial Reports and looking after the interests of the numerous British travellers on their way to and from Europe, cannot be regarded as a menace to Russian interests. At Tabreez it might be fairly urged that the dignity of a Consul-General is rather excessive for a British Consular Representative in a district where British interests are not of much importance and those of Russia considerable. As to Turbat it might also be urged that a British Consul is not needed. But at Kermanshah we should certainly require a trustworthy informant, and a Representative empowered to support the very considerable and possibly growing interests of British trade. If the Bagdad Railway is completed the importance of Kermanshah will be greatly increased.

With regard to Meshed I venture to urge, though it is not in my province, that as a centre of military intelligence it is most important. I agree also with Major Sykes' observations on its importance as the seat of the governments of Kain and Seistan. The number of British Indian traders and the importance of British Indian trade in Khorassan would be, it would seem, a sufficient justification for the maintenance of the post.

With regard to Russian Consular Representation, there would be no sufficient justification in asking for the abolition of the Consulate-General at Bushire, a port which we acknowledge as outside the zone of our exclusive military interests. The troublesome and mischievous activity of the Russian Consul at Bunder Abbas might afford a good pretext for asking for the abolition of the post—at least on its present scale—and a similar justification might be found in our recent experience in asking for the suppression of the Russian Consulate in Seistan.

With regard, however, to Bunder Abbas, the Russians might urge that they have commercial interests there in view of the periodical visits of Russian commercial vessels.

On the whole it would seem that we could with advantage offer to reduce our Consulate-General in Tabreez in exchange for a reduction of the Russian Consulate at Seistan, and we might also offer a similar concession in Turbat against the reduction of the Russian Consulate at Bunder Abbas to the rank of a trading Consul.

Experience, however, proves (in the matter of the Bombay Consulate-General) that the Russian Government attaches great importance to the retention of its "Political" Consuls, and negotiations, if entered into, would probably be of long duration. It is obvious, however, that the operations of Russian Consulates, like those at Bunder Abbas and Seistan, are a constant source of difficulty, and whether or no they promote Russian interests, constitute centres of intrigue against British interests, and are likely to remain so whatever may be the official policy of the Russian Foreign Office.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 31.

Major Sykes to Government of India.

(Secret.)

Sir,

WITH reference to the information contained in the Memorandum for March 1907 re zones of influence in Persia, I have the honour to make the following observations in the hope that, owing to my local knowledge, they may be of some use:—

2. The spheres referred to in the Memorandum have evidently been drawn up by the two Powers from entirely different points of view. Russia frankly takes the whole of Central and Northern Persia as her zone, and assigns herself less on the eastern boundary of Iran only because of British susceptibilities. As it is, practically the whole of Persia which is worth having falls into the zone of the northern Power. Her ultimate progress to the Persian Gulf is also not arrested definitely in any way, so far as is apparent. Moreover, Germany will, presumably, learn the result of these negotiations, and may consider that South-West Persia has been left free for the exercise of her "Weltpolitik." However, this has no doubt been foreseen and guarded against.

With the exception of the inclusion of the Province of Ispahan and its dependencies (e.g., the Bakhtiari tribes), which question has been raised by the Government of India, there is only the question of Yezd, on which I propose to remark.

Yezd is undoubtedly, from one point of view, situated in the centre of Persia, and consequently it may be argued that we have no business there. On the other hand, it is south of the Lut, the great desert of Persia, and but 220 miles to the west-north-west of the city of Kerman, the only important town in the British zone of influence. Consequently, if the line could be drawn from Ispahan to Kakh, or some other point, so as to leave Yezd in the neutral zone, I anticipate that there would be less trouble in the future, in case of certain possible eventualities. Indeed, unless this be done, there will be little or no neutral zone in Central Persia, the Yezd Province marching with Kerman. I do not refer to trade considerations, which are, after all, of minor importance, although the fact that they have had to yield to more important considerations is not likely to be appreciated by Messrs. Lynch Brothers and other British firms.

To conclude this side of the question, Kakh, one of the places mentioned, will be referred to in connection with the sphere of influence claimed by His Majesty's Government.

3. To turn to the British sphere, it is evidently based on the irreducible minimum or our strategical requirements, and, with an Empire as enormous as ours is to-day, and the only one in Europe not supported by a nation trained to arms, a more ambitious share is clearly undesirable from the widest aspect of the problem, however regrettable when viewed from the standpoint of local advantage and commerce.

In this connection, I have the honour to attach a copy of my letter dated the 29th June, 1900.* In it, seven years ago, I ventured to point out that Eastern Persia was vitally necessary to India, whereas Western Persia was of less importance. In short, I have accurately foretold what is actually being done at the present time.

I also venture to inclose an extract from my letter of the 29th September, 1899,* in which I described the immense strength of the Kain position. The plan I have not sent, as it is printed in Captain Napier's "Military Reports on Southern Persia," published in 1900. My maps, too, have been printed, and include almost the whole of the north of the Kain Province, on the scale of 4 miles to the inch.

Finally, I give an extract from my letter of the 18th December, 1899, in which the strategical importance of Eastern and South-Eastern Persia is detailed.* In this connection I would again earnestly venture to point out that I am still impressed by the immense value to India of the Kain Province, which is bounded to the north by the very range of hills on which Kakh is situated. If possible, I would urge that, if Kakh must be retained by the Russians, Kain should be declared to be in our zone. Otherwise, future developments may bring about a boundary, meeting at the city of Kain, which would be most undesirable. In case Kain is declared to be in our sphere, Gazik should be cut out, and Sangun, to the south of Khaf, substituted.

* Not printed.

4. Minor points to be noted are that the Bundar Abbas-Kerman routes run across the Fars Province of Rudan. The present boundaries of the Kerman Province would not then suffice, if it were desired to include the trade routes, as is probable. Again, there also appears to be no mention of mines, which would form, perhaps, the most important Concessions.

5. Presumably, one result of an Anglo-Russian Agreement will be an ultimate rearrangement of Consulates. As to these, Russia would probably be glad if we vacated the Consulate-General of Tabrezz and the Consulates of Resht, Turbat, and Kermanshah. As a set-off to these withdrawals, the Consulate-General at Bushire and the Consulates of Bundar Abbas, Kerman, and Seistan appear to be the most obvious posts for Russia to reduce or abolish.

6. The question of Meshed would then remain to be considered. It is difficult to write freely on a subject in which personal interests are somewhat involved; but at the same time I think that it is the best course to do so.

I am not aware whether it is fully realized that, as Meshed is the seat of the Persian Governor-General and of the Directors of Customs, Telegraphs, &c., to be strong at Meshed is to be strong in Kain and Seistan. Consequently, if we desire to tighten our grip on Kain and Seistan, Meshed must not be weakened.

A second point is that, under Captain Smyth, a unique network of intelligence, embracing Transcaspia and Turkestan, has been woven. Possibly, too, in the near future this network may cover the provinces to the east. In any case, it would be a heavy blow to our Indian army to destroy this system, which the lessons of the recent war prove to be vital. But I will not labour this aspect of the question.

A third point is that the Consulate-General at Meshed watches Western Afghanistan and Herat. Consequently, it would appear to be inadvisable, if only on this account, to weaken British prestige at the capital of Khorassan. These facts are well known in India, but may possibly be less well known at home.

7. In conclusion, Sir, I have ventured to criticise the preliminary proposals on this question of zones without having been requested to do so; but I hope that the fact that, practically, the whole of my service has been devoted to studying the problem of Persia, and that I founded both the Consulates of Kerman and Seistan, may serve as my excuse.

A copy of this letter is being sent to His Majesty's Minister at Tehran.

I have, &c.
(Signed) P. MOLESWORTH SYKES.

[22389]

No. 32.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)
(No. 124.)

Gulahek, June 13, 1907.
Sir,
OWING to the kindness of Sir N. O'Conor I have been supplied with extract of a report from His Majesty's Consul-General at Bagdad relating to the language held in his presence by M. Descos, late French Minister at Tehran, on the subject of affairs in Persia.

M. Descos appears to have stated his opinion that the origin of the popular movement in Persia had been due to the direct intervention of this Legation, that M. Naus was the victim of British diplomacy, and that the anti-Government party in Persia was under the active control and direction of the British Minister.

I have already expressed my thanks for the services rendered on various occasions by M. Descos to this Legation. I cannot, however, refrain from expressing my regret that he should have propounded such views, and my earnest hope that they are not shared by his Government.

With regard to the first statement, I beg to observe that it is on record that the religious leader, Seyed Abdullah, made a direct appeal for the intervention of His Majesty's Government, which met with a direct refusal, and that it was only after this refusal that the Popular party resorted to the Persian institution of "bast" in order to force His Majesty's Government, whether they wished it or not, to act the part of mediator; that Mr. Grant Duff acted in this capacity at the direct request of both parties, and that as soon as a settlement was arrived at his intervention came to an end.

With regard to the second statement that M. Naus was the victim of British diplomacy, I beg to observe that he has twice been forced to leave the country by an

almost unanimous burst of popular indignation. It is inconceivable that so deep and widespread a sentiment could be due to the intrigues of a single foreign Legation. The causes are known and evident, and the Belgian Legation, which has every reason to desire to arrive at the truth, has fully reported on them. It is on record that I joined my efforts to those of my Russian colleague on behalf of M. Naus, but we were both convinced that to attempt more than we did would be useless and even dangerous to him, to ourselves, and eventually to the whole European community.

With regard to the more serious statement that this Legation since my arrival here has, contrary to your express orders, taken an active part in Persian internal politics, I venture to appeal to the whole series of the reports which I have had the honour to submit to you.

It is perfectly true that I personally sympathize with the efforts of the Persian people for liberty, independence, and reform. Such sympathies are shared by most of my colleagues here, and I presume, among others, by the Representative of the Republic. But I think no one who is familiar with the facts would venture to allege that this Legation has ever attempted to obtain control of the popular movement. The attitude of every member of this Legation has, I believe, been that laid down by your instructions, namely, an attitude of complete non-intervention. I believe that it is now generally known, at any rate in Tehran, that the Popular party must not count on the assistance of His Majesty's Government, who are resolutely determined not to interfere in the domestic affairs of Persia. I have done my best in order to insure that with regard to this there should be no room for doubt. I have at the same time taken every opportunity, in conformity with your instructions, to explain that an attitude of non-intervention is very different from an attitude of hostility, and that there can never be any question of a European alliance directed against Persian liberties. And the result of your instructions has been, believe, that the Popular leaders have done their best to persuade their followers to turn their attention from foreign to domestic politics, and to regard foreign Governments and subjects without undue friendliness or hostility.

I venture to observe, in conclusion, that it would, in my opinion, be a grave error to attribute the popular movement in Persia to such a slight or accidental cause as the intrigues of a foreign Legation. I think that European nations should be prepared to face in Persia, what they are beginning to experience elsewhere, a national and religious movement, formless perhaps, and misdirected, but of great vigour and intensity. And owing, perhaps, to the superior mental attainments of the Persian race, I think it is not improbable that the leaders of the movement here, especially as they are in close touch with the Russian Mussulmans already represented in considerable numbers in the Duma, may occupy a prominent, perhaps a dominant, position in the future development of the national and constitutional movement among Mussulman peoples. Should the movement be really of this nature, we cannot make it our tool, and we cannot wish to make it our enemy.

I have, &c.
(Signed) CECIL SPRING-RICE.

[22390]

No. 33.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)
(No. 125.)

Gulahek, June 13, 1907.
Sir,
WITH reference to my telegram No. 144 of the 9th instant, I have the honour to report that I have received further reports of Turkish aggression at various points on the Persian frontier.

His Highness the Ala-es-Saltaneh informed me, in a note dated the 8th June, that telegraphic news was, on the 7th instant, received from Soujboulak that a Turkish Yuzbashi (Captain), named Dervish Agha, had appeared with fifty men in the Persian district of Oklan, a dependency of Serdasht, and was busy digging in a gold mine, and interfering in Persian tribal affairs of that district; further, that a certain Kurni Agha had obtained by force from the inhabitants of Serdasht a paper owning allegiance to the Turkish Government. Another incursion was also reported from Baneh, whose Persian Governor had been expelled by one, Abbas Agha Pashderi, at the head of 250 mounted men. His Highness also stated that the officer in command at Khanikin had, by order of the Vali of Bagdad, invaded the Luristan country with 500 mounted men, and burnt the crops in the Persian districts of Seifi, Malkhatavi, and Baghsai. The Persian subjects who resided at Khanikin were, he said, being forced

by the Kaimakam of that place to inscribe themselves as Turkish subjects, to take out Turkish passports, and to enlist in the Turkish army.

His Majesty's Vice-Consul at Tabreez also reports that on or about the 23rd May some 300 Turkish soldiers, commanded by a major, came into Margavar; thirty more arrived at Behik in Bradest, pulled down the custom-house flag, and turned out the Director, who was ordered to return to Urmia.

It will thus be seen that the Turks are thrusting themselves forward by a number of encroachments at various points. This activity at the present moment is significant, and is attributed to the fear of the Ottoman Government that Russia may shortly intervene in Persia. In view of this contingency Turkey hopes, it is said, to secure beforehand a satisfactory frontier, including under Turkish protection the Kurdish tribes of the Sunni persuasion, as well as desirable strategical points.

The disturbances in Luristan will also provide a very convenient excuse for Turkish intervention, if an excuse be needed.

I have, &c.
(Signed) CECIL SPRING-RICE.

[22391]

No. 34.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)

(No. 126.)

Sir,

WITH reference to my despatch No. 107 of the 20th May, I have the honour to inform you that M. Naus left Tehran on the 30th ultimo.

According to information imparted to me by the Belgian Chargé d'Affaires, M. Naus had at first demanded a large sum to compensate him for breach of contract (the term of his engagement not expiring till 1913), and also for a complimentary letter from the Shah with a high decoration.

These terms the Shah was unable to comply with, in view of the determined opposition of the Assembly; and, with the best will in the world, his old associate, the Amin-es-Sultan, declared himself unable to assist him.

M. de Warzee, failing a more satisfactory settlement, contented himself with the demand that M. Naus should receive a year's leave on full pay, and that M. Priem, M. Naus' first assistant, should remain as his representative to assist at the examination of the Customs administration accounts, which, as you are aware, are three years in arrear. The Chargé d'Affaires added, for my confidential information, that he would have preferred to arrange for M. Priem's departure, but that M. Naus insisted on his remaining.

As I have already explained, the Belgian Legation has been in a very embarrassing situation with regard to these two gentlemen. They were sent here by the Belgian Government for purely administrative purposes. They have, however, for some time past played a political part which did not at all correspond with the wishes of their Government, and in the last few months both gentlemen have become identified with the extreme Reactionary party, and have placed themselves in open hostility to the popular cause. M. Naus has for some time past treated his own Legation with marked and studied neglect, and has been in the closest connection with the German and Russian Legations, from whose Governments he has received high decorations. It was by no means in conformity with the desire of the Belgian Government that the gentlemen whom they had deputed to reorganize the Customs administration of this country should usurp a position which, as the Belgian Minister plainly foresaw, could only lead to a popular outbreak. M. Naus became a Persian Minister, with exceptional powers of political and financial control, closely bound up with the interests of the Ain-ed-Dowleh and the inner Court clique, and in intimate relations with two foreign Governments. His policy appeared in the eyes of the Popular party to be identified with that policy of extravagance and foreign indebtedness against which the nation has risen. Moreover, his personal arrogance, as well as certain facts in connection with his somewhat ostentatious mode of living, gave rise to the general impression that he was both despotic and corrupt.

When the Ain-ed-Dowleh fell, it was discovered that the Customs accounts were three years in arrear, and an inquiry by European experts was agreed to by the Minister of Finance. M. Naus was, however, able to defeat this proposal, and to arrange that the investigation should be conducted by Persians under his own supervision

and control. The result is, naturally, that nothing compromising has been discovered, and it is highly improbable that any report will ever be issued.

For some time after his fall from office, to which the Shah had reluctantly agreed, he remained in Tehran, nominally occupied with the investigation, but, as is generally believed, concentrating all his energies on reorganizing the shattered forces of autocracy and preparing his revenge. His continued presence was felt to be a danger, and the more moderate elements among the Popular party promised their assistance in order to persuade the extremists, who were clamouring for an inquiry and for punishment, to consent to his departure.

The matter became of pressing importance when a sort of riot took place, in the course of which he was for a short time besieged in his house, and subsequently forced to leave his carriage.

The arrangement was then come to which I have had the honour to indicate, and a promise was obtained from the Assembly that his departure would be permitted.

In spite, however, of this promise he was stopped at Enzeli, his luggage was searched, and he was only allowed to proceed on his journey after the most pressing messages from the Atabek and the Assembly.

I saw him the evening before his departure, as he went to take his leave of the Atabek. He gave me to understand that his destination was Brussels. I subsequently ascertained that he was really on his way to St. Petersburg, where he intends to confer with M. Grube and M. Ostragradsky, the late and present Financial Agents at Tehran. A certain person, whom I happened to see in the Atabek's garden on the occasion of M. Naus' farewell visit, stated subsequently that M. Naus was going to St. Petersburg on a political mission, and the fact that he spent his last evening at the Russian Legation has given colour to the report. As you are aware, M. Naus was summoned to St. Petersburg last autumn in order to negotiate a loan, and it was only the determined opposition of the Shah's Ministers which prevented this mission. His departure was preceded by a few days by that of M. Ostragradsky, who left suddenly after, as was said, important and frequent consultations with high personages in Tehran. M. Naus himself is reported to have said that he would return in November with a Russian *corps à armée*, and his journey to St. Petersburg is naturally the source of some anxiety. This is increased by the fact that an alarming shortage was discovered in the sums payable into the Russian Bank for the payment of the July coupon. Every effort is now being made to make up the required sum, and it is hoped that payment will be made in full. The Minister of Finance informed me that he was convinced that M. Naus had done all in his power to retard the payments. I do not believe the Russian Minister was privy to such a plan, if it ever existed, for he has recently, in conjunction with the *locum tenens* of M. Ostragradsky, called the serious attention of the Persian Government to the consequences which would ensue on non-payment.

With regard to M. Naus' relations with the Russian and German Legations, I may observe that M. de Hartwig does not appear to have been aware of the very grave suspicions entertained by the Russian Ambassador at Constantinople, and imparted to Sir N. R. O'Conor, to the effect that he was in corrupt collusion with the German Government on the matter of the Turco-Persian frontier. M. de Hartwig has throughout accorded M. Naus his whole-hearted sympathy. You agreed that I should associate myself with certain steps which he took to draw the Persian Government's attention to the serious results which might be entailed by M. Naus' departure, but I trust I interpreted your wishes aright in urging on my colleague the danger of taking too evident and active a part on behalf of a man who was so unanimously condemned by public opinion. It will be within your recollection that M. Naus, through the intermediary of M. de Hartwig, attempted to obtain possession of a large sum of money from the Imperial Bank for the purpose, as it appeared subsequently, of saving his position at Court. This procedure did not, as appears from Sir A. Nicolson's reports, receive the countenance of M. Isvolsky, nor can it be said that the Russian Foreign Office has given him its official support. There is reason, however, to believe that M. Naus' relations with the Russian Department of Finance, especially with M. Grube, are of a much more intimate character.

As regards the German Government, it is notorious that he was on terms of the closest intimacy with Count Rex, late Minister here, and with Baron von Marschall, during his prolonged sojourn at Constantinople, when he was first compelled to leave Tehran by the popular movement which was directed against him last year. It is possible he then felt piqued at the insufficient protection he had received from Russia (although it is true M. Speyer did interfere on his behalf), but he appears to have

recently returned to his first friendship. I am informed by M. Stenrich, the German Minister, who was at first inclined to take a most friendly view of his character and position, that there has been a marked coldness between them from the day on which the German Minister advised him either to leave at once or invite a full and impartial inquiry by experts.

With regard to my own attitude towards M. Naus, I have followed as closely as possible that observed by Sir A. Hardinge, who regarded him as an energetic official, without any political bias except that dictated by personal considerations, and quite willing to be serviceable if it was in his interest to be so. It happened that his interest generally, though not always, coincided with that of Russia, but this did not prevent him from being frequently of service to this Legation. But since recent events he can hardly be expected to follow any policy except that dictated by what he has suffered at the hands of the Popular party, on whose destruction he is bent. As this can best be compassed by foreign assistance, financial and military, his continued activities can only be a source of anxiety; and if he returns, as he assured me he would, at the end of the year the event will not be without significance.

I have, &c.
(Signed) CECIL SPRING-RICE.

P.S.—I understand M. Naus is now in Hungary.

C. S.-R.

[22392]

No. 35.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)
(No. 127.)

Sir,
Gulahek, June 14, 1907.
I HAVE the honour to inclose herewith an interesting and valuable Memorandum, drawn up by Mr. Loraine, who travelled to Tehran from Constantinople via Beyrouth, Aleppo, the Euphrates Valley, Bagdad, Moliammerah, Ahwaz, and Ispahan.

I venture to express the opinion that Mr. Loraine's Report of his journey will be found to contain some new and interesting facts as to Cilicia and the Euphrates Valley. With regard to the Persian part of his journey, I have already profited to a considerable extent by the information which he has brought from the Bakhtiari country, and it is of great advantage to this Legation that a Secretary should arrive at his post already well informed as to important sections of the work.

I trust that you will be of opinion that Mr. Loraine, who was encouraged by His Majesty's Ambassador at Constantinople to take this route, should not suffer financially for what is a decided gain to His Majesty's service. I venture therefore to recommend that he should be allowed his travelling expenses, which, as they include no claim for maintenance allowance, are not greatly in excess of the expenses on the ordinary route from Constantinople to Tehran.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inellosure 1 in No. 35.

Memorandum by Mr. Loraine on a Journey from Constantinople to Tehran, through Northern Syria, Mesopotamia, Persian Arabistan, and the Bakhtiari Country.

I LEFT Constantinople on the 11th March in a driving snow-storm, and after some delay on account of foul weather, reached Smyrna on the 16th.

It was too soon after the publication of the new "Règlement Douanier" for me to ascertain how far it met the requirements of the British merchants in that place, but Mr. Consul-General Cumberbatch seemed confident that it would be most beneficial, while the continuance of the good relations which exist between the Consulate-General and the two Customs Mudirs should insure the new instructions being interpreted in a liberal spirit.

The successful termination of the negotiations undertaken by the Embassy in connection with the extension of the Smyrna-Aidin Railway, and the prolongation of its Concession, and the attitude of the British authorities during the Kiamil Pasha incident, had undoubtedly produced an excellent impression locally.

Some information I was able to obtain about a publication, 1,000 copies of which had been distributed among the Mussulman population of Smyrna during the six previous weeks, forms another instance of the activity with which Pan-Islamic ideas are being fostered and disseminated in the Ottoman Empire.

I was unable to see a translation of this work, but had the advantage of discussing it with Mr. Walter Turrell, a resident in Smyrna, who had translated all the most interesting passages from a copy which had fallen into his hands.

The work is called the "Bin ve Bir İlahadis," or the "Thousand and one Traditions." It was written by Mohammed Arif, sometime Secretary to Ahmed Moukhtar Pasha, Ottoman Commissioner in Egypt, and printed in Cairo in 1319, it is said at Moukhtar Pasha's expense. It is intensely anti-English, preaches open revolt against the British domination in Egypt, and calls upon the Mollahs to lead the movement. It blames the Ulema of Cairo for waiting on the Prince of Wales when he was in Cairo, and points out the additional humiliation they suffered in not even being received by him, but in merely being permitted to enter their names in his book.

The difference, apparent to an expert, between the Cairo and Constantinople type, and certain other indications, go to prove that the copies distributed at Smyrna were a reprint taken at Constantinople. This, of course, could not have been done without the consent and approval of the Palace.

It would seem, however, that some passages have been added in the reprint for local consumption; for it is stated that at least fifty battalions would be required to take and hold Smyrna and the vicinity, and that the cost of keeping up such a force of occupation would be too great for any Power to stand the strain for long, leaving the inference that, when the moment comes to act, anything may be done at Smyrna with impunity, and mere naval bombardment be disregarded.

Briefly, the publication is a striking illustration of Pan-Islamism in its most aggressive aspect.

I was interested to hear a strongly expressed opinion that the downfall of Kiamil Pasha was due to the personal animosity of Ferid Pasha, the present Grand Vizier. There was a long-standing quarrel between them, dating back to the time when Ferid Pasha was Vali of Konia; their relations were further embittered, it is said, when the Grand Vizier found that the Sultan consulted Kiamil over his head on questions of high policy, and the adoption of Kiamil's advice to give way in the Taba incident resolved the Grand Vizier to bring about Kiamil's downfall.

I arrived at Mersina late on the 18th March, and went ashore for a few hours the following morning.

Every one there wanted to know when the construction of the Bulgurlu-Adana section of the Bagdad Railway would be begun, but I was unfortunately unable to enlighten them on the subject. It is confidently expected by the inhabitants that a golden era of prosperity and development awaits Mersina as soon as the Mersina-Tarsus-Adana Railway is linked up with the Anatolian system. Already there has been a sharp rise in the price of land, particularly in the neighbourhood of the station. The recent appointment by the German Syndicate of M. Bellart, a Swiss, and from all accounts an energetic and capable man, to supervise the affairs of the Mersina-Adana Railway at Mersina is, of course, consequent on the acquisition by the Germans of a controlling interest in that railway, and naturally lends colour to the belief that it is intended to use Mersina as the Mediterranean outlet for the Bagdad Railway. M. Bellart, indeed, is said to have purchased recently, in his own name, land adjoining the railway station to the value of £T. 6,000. This figure subsequent investigation led me to regard as exaggerated, but that he did buy some land seems fairly certain, and it may be assumed that he bought on account of his employers, even if in his own name.

It requires, however, no expert knowledge to see that Mersina is eminently unsuitable for conversion into a large trading port. At present it is nothing more than an open roadstead entirely exposed to the south and south-west; the deep water for anchorage is from a mile to a mile and a-half out, and the expense required in building moles, dredging, &c., to construct a harbour would undoubtedly be very great.

In these circumstances it may be conjectured that when the railway reaches Adana, Mersina will be used by the Germans as an outlet *faute de mieux*; but when the line reaches Bagdad it may be that the German interest will coincide with that of the Sultan, namely, to cut off the outlet on the Mediterranean and so leave the

trunk line with no point vulnerable to attack from the sea or accessible to maritime trade.

In spite, however, of natural disadvantages, the port of Mersina has a considerable trade, and a large proportion of the vessels that call there are British. In view of this fact and the possibility of development when the Bagdad Railway reaches Adana, it would seem most desirable to send a regular Consular officer there, if one can possibly be spared, British interests being at present in the hands of Mr. Loiso, an Acting British Vice-Consul, who seems unfitted, if only on the score of age, for the post.

On the 20th March I reached Beyrouth, and, among other places, visited the fine American College there. It is somewhat remarkable that 150 Moslems are now being educated there and that they attend chapel regularly, though, of course, no attempt is made to proselytize or impose doctrinal teaching.

Sir R. Drummond Hay took me to call on the Vali, Khalil Pasha, and on Monzaffer Pasha, the Governor of the Lebanon. An account of a conversation with the former, and also of one with the Vali of Aleppo, recorded in a despatch to Sir N. O'Conor, is annexed herewith for convenience of reference.

I also made the acquaintance of the American Consul-General, who takes a keen interest in, and is well acquainted with, "desert politics," particularly as regards the intertribal strife in the Nejd.

On the evening of the 23rd March I reached Aleppo, having stayed one day in Damascus on the way. The journey from Beyrouth to Damascus on the narrow-gauge takes nine hours; that from Damascus to Aleppo, changing at Rayak from the narrow to the broader standard gauge, from seventeen to eighteen hours.

The necessary preparations for the journey to Bagdad were greatly facilitated by the extreme kindness and courtesy of the Vali of Aleppo, Nazim Pasha, who went out of his way to insure our comfort, in many cases personally superintending the arrangements. No one, even at Aleppo, seemed to have any ideas as to the possibility of navigating the Euphrates in a native boat, and it was more by good luck than good management that I came across a man who owned such boats, and was in the habit of dispatching them down stream from Biredjik. Arrangements were accordingly made with this man for our conveyance from Meskéné to Felloudja in one of his craft.

I reached Meskéné on the 27th March, and on the following day embarked immediately on the arrival of the "shakhtour," as these boats are called.

It is a punt-shaped construction curved at the ends, about 18 to 20 feet long, with an even width of 8 to 9 feet and some 3 feet deep. It is crudely but strongly built, rough sawn planks being nailed to a framework of vertical posts held together on the inside by cross-pieces, and the seams caulked with tow and pitch.

My craft formed no exception to the usual practice, which is to lash two "shakhtour" together broadside on for safety of navigation. A crew of three is necessary to work this cumbersome machine, one in the stern and two in the bow. All three do little but steering work, and hard work it is with a 4- or 5-knot current running.

On the way down the river I made inquiries in regard to the trade carried on by these "shakhtour," but as such information as I got was from native sources it was naturally of the most indefinite description. The following statements, however, I believe to be accurate:—

1. The boats are built at Biredjik at a cost of £ T. 8 or £ T. 9 apiece; the majority are sold as firewood at Felloudja for 8 or 9 medjidiehs (about 1l. 6s. 8d. or 1l. 10s.), while the remainder are towed up stream by man-power.

2. They pass down the river from Biredjik to Felloudja at irregular intervals all the year round, except occasionally towards the end of the hot weather, when the river is very low and the passage consequently too slow.

3. Their cargo consists of bales of goods, which seem to be taken on board mainly at Meskéné and Deir-el-Zor, which in this way may be regarded as the river ports of Aleppo and Damascus respectively.

4. The freight is 50 piastres (about 8s. 4d.) a bale from Meskéné to Felloudja. I should judge each "shakhtour" capable of carrying thirty bales.

From this it would seem that a not inconsiderable volume of native trade passes down the Euphrates, and the subject might bear investigation with a view to possible systematization and development.

In the report of my conversations with the Valis of Beyrouth and Aleppo the question of opening up the Euphrates Valley by steam navigation as a trade route, with an outlet on the Mediterranean by means of a railway from Meskéné to Aleppo and Alexandretta, was touched upon.

In this connection I venture with all diffidence to make the following observations:—

After seeing the difficulties which are successfully overcome by the steamers navigating the Lower Tigris, I could not help thinking that the stretch of the Euphrates over which I passed, *i.e.*, between Meskéné and Felloudja, could be navigated by light-draught steamers, if not all the year round, probably at least for eight or nine months of it. It is I believe an accepted fact that, if the navigation of the Lower Tigris were for any reason to cease, the river would in a short space of time—say one or two years—cease to be navigable, as the constant passage up and down of steamboats keeps the channel open. Arguing from this, I should imagine that, if once a channel on the Euphrates were cleared, steamboat navigation would be possible. The only reach, as far as I could see, which would need preparation, though I am unfortunately not in a position to speak with expert knowledge, is that between Anah and Hit, there a certain amount of blasting would presumably be necessary to remove some rocks which obstruct the channel and make it rather dangerous, if not actually impossible.

It may be urged that the conditions on the two rivers differ in one essential, namely, that the Tigris has a soft bed and the Euphrates a rocky one; but this difficulty might be overcome by employing on the latter boats of a design similar to those which ply on the Irrawaddy. These are, I believe, humped in the middle and low in the bows and stern, so that they may resist end-on shocks without damage, while it is supposed to be impossible for them to break their backs.

The ideal thing would, of course, be for the Euphrates to be navigable right on to its junction with the Tigris at Kurna. If, however, the very defective information available about that part of the river is correct, this would appear impossible until and unless the stream is rediverted from the Hindie Canal into its original bed, a very expensive operation, which I understand the Ottoman Government have in contemplation notwithstanding.

Remembering that Messrs. Lynch possess navigation rights on the Euphrates also, I suggested to their agent at Bussorah the advisability of getting accurate information as regards the actual state of the river below Felloudja, and he seemed to think it might be possible to send a competent person to make investigations. However, whether Messrs. Lynch think it worth their while or not to conduct inquiries on the subject, I venture to suggest that, if it were possible to spare an officer from the Royal Indian mail-steamer "Comet" to make a survey, his Report would be valuable and interesting, as well in the way of supplying geographical data, which are now entirely deficient, as from the point of view of utilizing the Euphrates, whether for navigation or irrigation.

Except for facilitating the placing of steam-boats on the Euphrates the navigability of its southern course would not seem to be essential, even though desirable. Bagdad is, and will doubtless remain, the great distributing centre for Iraq, and could be connected by a light railway, or even a tram-line, with Felloudja; they are only some 35 miles apart, and the country is flat, so that the outlay for so short a distance could not be very great, even allowing for the protection of the line against floods. The connection of Bagdad and Felloudja in some such way would in any case be a natural corollary to the regular navigation of the Upper Euphrates.

The following conclusion seems to flow from the foregoing observations, *i.e.*—

That it is desirable to make a careful and accurate study of the possibilities of trade and means of communication in the Euphrates Valley, and that the present moment is opportune for so doing, for the following reasons:—

1. Having in view the advent into Mesopotamia of the Bagdad Railway, which may or may not constitute an influence hostile to British interests, it would be

advisable to reassert the right of the Euphrates and Tigris Steam Navigation Company to navigate on the Euphrates.

2. That if investigation proved the possibility of navigating the Euphrates, British enterprise has, at the present time, the first claim to undertake such navigation, and that its undertaking is a legitimate step towards the consolidation of British interest in a region where the predominance they have hitherto enjoyed may, in certain eventualities, be threatened, and will undoubtedly be challenged.

3. That the execution of an irrigation scheme in Mesopotamia, such as that contemplated by Sir William Wilcock, would create a need for improved methods of communication, and that those already in the field would reap the greatest benefit from the development of the country that would ensue without depriving the inhabitants of their share in the increased prosperity.

I reached Bagdad on the 7th April, and left on the 16th by the Lynch steamer "Khalifah," arriving at Bussorah on the 19th. There Messrs. Lynch were so good as to place a steam-launch at my disposal, in which I continued my journey, passing Mohammerah on the 20th and reaching Ahwaz the following afternoon.

The recognition of Messrs. Lynch's right to run their third steamer on the Tigris had given the liveliest satisfaction to British residents in Bagdad and Bussorah, and was most welcome as a proof that His Majesty's Government were alive to the importance of British interests, and had no intention of allowing the preponderant position British enterprise has for so long held in those regions to be weakened.

At Ahwaz I was able to gather some ideas in regard to certain local questions, e.g., the affairs of the Oil Syndicate, the Lynch road to Ispahan, &c.

As regards the former, I have already offered some suggestions in a Report to Sir Cecil Spring-Rice, inclosed in his despatch No. 109 of the 21st May.

With regard to the latter, it appears that the volume of trade along the road has been increasing uniformly and well, the increase during the past year being 40 per cent.

The great difficulty at present is that connected with the supply of transport, for, with the existing uncertainty as to the amount of transport available, it is impossible to secure the regular delivery of goods. The road has already attracted a large, but not sufficient, number of muleteers, but the number is not necessarily constant, for if, as is sometimes the case, they find they can get better pay and cheaper fodder on the Bushire-Shiraz road they naturally prefer to seek employment on that route.

The Lynch Company have quite recently established an agency, run by an Armenian, in Deh Kurd, a large village some 7 or 8 miles to the north-west of Kafaroukh, in the hope of tapping a good mule country—they say there are from 2,000 to 8,000 mules there. At present there are a number of muleteers, particularly in that district, trading on their own, who take loads to Shushter, Dizful, and Kermanshah and sell on their own account. The Company's aim is to break this trade but until their new agency has been working some little time it is impossible to forecast to what extent their efforts will be successful.

The Bakhtiari Khans have forbidden the villagers on the road to sell fodder, which can only be bought at very high rates at the caravanserais, thus creating a monopoly, annually farmed out by the Chiefs, which renders it very difficult for the Company to make the road attractive to muleteers. The Company has, indeed, tried to own its transport, but found the system unworkable as it is the more expensive of the two, and requires an organization which is entirely beyond their present scope. If in these circumstances Messrs. Lynch could see their way to appointing a second white agent at Ahwaz, whose exclusive duty it would be to attend to the transport problem, the result could hardly fail to be advantageous, since the future development of the Ahwaz-Ispahan road is necessarily dependent upon the solution of that problem.

The tolls levied by the Bakhtiari Khans on traffic on the road (5 krans per mule or donkey and 8 krans per camel) were last year farmed out for 140,000 krans, about 2,650*l.*, as against half that sum a few years ago.

As an official report on the state of the road will soon be available, it is unnecessary for me to go into any details. My impression was that the Khans had done a little to keep it in repair, though their attention was not always directed to the spots that most needed it, but that the road is at present quite practicable, and that the danger of its ceasing to be so is somewhat remote.

The coming into force in February 1903 of the new specific Tariff, negotiated in the Russo-Persian Commercial Convention of November 1901, does not seem to have had the prejudicial effect on British Karun trade which was anticipated at the time when that Convention was published.

Although in the main speculative, it may be worth while to suggest three explanations which, separately or conjointly, possibly contributed to this result, viz. :—

1. That the articles most heavily penalized under the new Tariff are now almost exclusively smuggled.

Tea is exclusively smuggled, and coffee to a large extent; both are almost invariably of Indian origin. Soap is also smuggled from India, but it probably comes from Europe and is transhipped at Bombay. Almost immediately after the new Tariff came into force through shipments of tea to Shushter fell 50 per cent.

The principal places of entry for smuggled goods are Bander Mashir, Bander Dilan, and Bander Rig.

Not very much sugar is smuggled, but the price of sugar is occasionally and temporarily lowered by a contraband load coming up from the coast.

A quantity of wheat is smuggled out through Mohammerah, the Customs officers being cheated into the belief that the wheat is destined for delivery at Sheikh Khazzal's house at Fehlia, on the Shatt-el-Arab.

2. That the new trade route opened up by the Lynch road was bound to attract traffic on account of its obvious advantages over the Bushire-Shiraz route, and that for the last four years it has been undergoing a normal expansion which a hostile Tariff may have curtailed, but has been powerless to arrest.

3. That the development has been at the expense of the Bushire-Shiraz route.

Messrs. Lynch's agent at Ahwaz was of opinion that navigation on the Upper Karun is in as unsatisfactory a condition as it possibly could be. The loss, with interest, he estimates at 20,000*l.*, and he sees no prospect of improvement. Moreover, the trade of Shushter is rapidly declining, owing to the cupidity of the Governor and the decay in the irrigation works, which are falling more than ever into disuse.

If these statements are correct, they furnish a strong argument in favour of omitting Shushter from the trace of the first section of the proposed Luristan road.

The alternative would be to construct the road so as to run almost due north from Ahwaz to Kut Khismanieh, Kut Khairabad, Kut-el-Mediya, and Dizful. The country on this trace is level, and at every stage water is to be found; moreover, Dizful, even if not so important as Khoremabad, is one of the distributing centres for Luristan. The plan offers one further advantage, namely, that it might be possible, by its adoption, to dodge the pernicious activities of the Moin-ut-Tujjar, who, if the road be taken to Shushter, will almost certainly get a concession for a tramway from Shellalich to Shushter by means of which he would levy exorbitant toll on all merchandize passing through.

On the other hand, the abandonment of navigation on the Upper Karun would be involved, which at the best is somewhat of a white elephant.

On my way through the Bakhtiari country I heard of the existence of rich coal and sulphur deposits, the former in the gorge known as the Tang-i-Darkesh Warkesh, the latter in the neighbourhood of Naghun. I was unable to visit the places myself, but His Majesty's Minister has since instructed Captain Lorimer, if possible, to inspect and report upon them.

The remainder of my journey from Ispahan to Tehran, which I reached on the 16th May, was uneventful and calls for no comment.

(Signed) PERCY L. LORAIN.

Inclosure 2 in No. 25.

Mr. Loraine to Sir N. O'Conor.

(Confidential.)
Sir,
Aleppo, March 25, 1907.
IT may perhaps be of interest to report that, on my arrival at Beyrouth on the 20th instant, Sir R. Drummond-Hay took me to call on the Vali, that on arriving here Mr. Longworth presented me yesterday to the Vali of Aleppo, and that their [1521]

Excellencies Khalil Pasha and Nazim Pasha respectively touched on the question of the Bagdad Railway in the course of conversation, though no reference whatever had previously been made to that subject.

Khalil Pasha asked me whether it was known how soon the Germans intended to continue the construction of the line to Adana. I replied that no announcement had been made on the subject, and that, as far as I knew, every one at Constantinople was in the dark about it. His Excellency went on to say what a great expense the railway with its large kilometric guarantees was to the Ottoman Government. In his belief the Germans would continue the construction as far as Adana, but they would not get any further without the co-operation of England, France, and Russia.

Why, he said, does not England offer to build a railway to Bagdad without a kilometric guarantee? The country it would traverse was rich, and the development it would undergo when opened up by the railway would render a guarantee unnecessary. I asked his Excellency how this could be, as the Concession for the construction of a railway to Bagdad had already been granted by the Sultan. He replied that was a question which depended on what interpretation was placed on the wording of the Concession. A Concession, it was true, had been given, but according to its terms the railway was to pass through certain places. If an alternative trace, which did not clash with the letter of the German Concession, were proposed by a party willing to construct without guarantees, it would be possible to accept it, and thus to allow the remainder of the German Concession to fall through.

Nazim Pasha, the Vali of Aleppo, approached the subject in precisely the same way as Khalil Pasha had done, and I answered in the same sense. After remarking on the large sums that the Bagdad Railway was costing the Ottoman Government, his Excellency went on to point out the superiority in point of view of both cheapness and distance of a line from Alexandretta to Meskéné through Aleppo, connected with Bagdad, Bussorah, and the Persian Gulf by a steamer service on the Euphrates. If an English Company would come forward and propose to construct such a line without kilometric guarantee he felt sure it would succeed.

I had the opportunity of again speaking with his Excellency this evening, and in the meantime had remembered having heard of a British Company which had proposed about fifteen years ago to construct such a railway, and to make the Euphrates navigable for steamers, and further that at about that date the monopoly of navigation on the Tigris and Euphrates had been granted to the Civil List. I asked Nazim Pasha if this were the case, and he replied in the affirmative, adding that the fact that a steamer had plied up to Meskéné in the time of Midhat Pasha proved that steamer navigation on the Euphrates was possible. He admitted that the navigation was difficult owing to a habit which that river possessed of changing its bed from time to time, but estimated the cost of putting the river into a navigable condition at 50,000!. I suggested to his Excellency that any new proposal to establish a steamer service on the Euphrates would be impossible of acceptance owing to the monopoly held by the Civil List, and he replied that that was not the case as the Concession as regards the Euphrates had lapsed, the Civil List having done nothing as yet in that respect, and stated that it would accordingly be possible to accept such proposal coupled with the construction of a Alexandretta-Aleppo-Meskéné Railway without guarantees. This railway, he went on to say, would present no difficulties whatever; there was not a single bridge to build, and use could be made of the new road from Alexandretta to Aleppo, while the country between Aleppo and Meskéné was perfectly flat. Further, that the line would have its *débouché* at the only good natural port on the coast, and would constitute, together with the steamer service on the Euphrates, the natural overland route to India. He finally referred to the new line from Hama to Aleppo, ridiculing the strategic importance which is supposed to attach to it, entirely deprecating its commercial value, an opinion which, I understand, Mr. Longworth indorses, and condemning it as unnatural in contradistinction to the Alexandretta-Meskéné line.

I have, &c.
(Signed) PERCY L. LORAIN.

[22393]

No. 36.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)
(No. 128.)

Sir,

Gulahek, June 15, 1907.

AS I have already had the honour to point out, the Province of Azerbaijan has throughout played a very important part in the reform or revolutionary movement. This is due partly to the energetic qualities of the people, who have a large admixture of Turkish blood, partly to their long and bitter experience of the present Shah as Valiahd, and partly and principally to the influence of the Mussulman inhabitants of the Caucasus, who, as shown by their representatives in the Duma, are deeply imbued with liberal ideas.

The representatives of Azerbaijan at Tehran have played a prominent part in the proceedings of the Medjliss. They were greeted on their arrival with royal, or rather saintly honours, and at once assumed the leadership of the Liberals in the Assembly. Their leader, Taki Zadeh, is, as I am assured by a member of the Government, a socialist at heart, but he is deeply impressed with the necessity of caution and moderation, and he and his colleagues have lost no opportunity of restraining the population of his native province. In this they have been only moderately successful. The people of Azerbaijan have armed and disciplined a considerable force; they terrorize their own "Enjumen," or local Assembly; they seized arms destined for the Shah; they expelled their Governor and a certain notorious priest, the leader of reaction. They were, however, persuaded, though with great difficulty, to restore the arms, and allow the return of the priest and Governor.

As I have informed you, an important addition to the Constitution is under consideration, giving security of life and property under the law to all Persian subjects. The delay in arriving at a settlement, which was of course attributed to the Shah, has given rise to intense discontent. An ultimatum was sent to Tehran, demanding the grant of the additional clauses by a certain date, and the bazaars were closed. It was strongly suspected that the people's telegrams to the Tehran Assembly were intercepted and answered by the Shah himself. Reference was accordingly made to the British Consulate-General, who telegraphed to me. After informing the Persian Government and the Assembly, I sent a reply to the effect that the Constitution was still under discussion, and that a decision would eventually be come to with the knowledge of their representatives, but that for the present the people must not expect an immediate solution.

The bazaars were reopened, and there was for a time a short hill. But the excitement among the people continued, and the local Assembly had serious doubts as to the safety of the foreign residents. They appealed to Mr. Wratislaw, who, very properly, referred them to his Russian colleague, as doyen. That gentleman received the deputation, but nothing has transpired as to what passed.

Suddenly a new incident arose which raised to a high degree the indignation of the inhabitants.

Some time ago a certain Rahim Khan, a Chief of Karadagh, a notorious robber, was seized and convicted of various crimes, and imprisoned in Tabreez by the order of the Valiahd. He was taken to Tehran in the Valiahd's suite, and, once arrived at the capital, was treated with peculiar distinction, and accorded the title of "The Victorious Commander." His son, Buyuk Khan, remained in his native province, and resumed the paternal trade of robbery and pillage, receiving by Royal command the designation of "The Kingdom's Conqueror."

The Tabreez Enjumen sent a deputation to inquire into his proceedings under the direction of a personal enemy of Buyuk's, which was very roughly handled. It was rumoured (owing probably to the language of the "Conqueror" himself) that his action was not taken without the knowledge and approval of the Shah. I received a telegram from Mr. Wratislaw, asking me, on behalf of the Enjumen, to ascertain whether the rumours were true. The commission was rather delicate, but I sent a private letter to the Atabek explaining the situation, disclaiming all desire to interfere, but suggesting that it might be as well, in the interest of peace and order, to reassure the population. The Shah wrote on the margin of my letter an autograph rescript denying most positively the accusation, and this was shown by the Atabek to Mr. Churchill. I telegraphed in this sense to Tabreez.

Simultaneously another incident occurred, which had a still more exasperating effect. The local Enjumen was in the habit of meeting at the telegraph office. Some suspicious characters were observed loafing about the premises. They were arrested.

A fight took place, in which one of them was killed. The others were seized and beaten. They confessed that they had received from Ikram-es-Sultan, brother of the Shah's principal Ferrash, who had recently arrived at Tabreez, a considerable bribe to murder the members of the Assembly. The conspirators were numerous. They are all Rahim Khan's men, and Ikram-es-Sultan was brother-in-law of Rahim's son. They had formed part of Rahim's suite at Tehran.

Shortly afterwards, letters from Buyuk Khan to the Governor were intercepted, claiming his support in the name of the Shah, and offering to march on Tabreez. The letter contained boasting allusion to the "execution" which he had already done on the Shah's enemies. At the same time, and simultaneously with the arrival of the Shah's message through me, telegrams were intercepted from Rahim Khan to his son, which, as the Envoymen considered, established beyond doubt the Shah's complicity.

News of the events reached Tehran in an exaggerated form. It was stated that Buyuk Khan had attacked Tabreez and killed 300 of the inhabitants; that he had shown the Shah's commission; and that His Majesty had sent the brother of his principal confidant with secret orders to compass the assassination of the local council.

The matter was brought up in the Tehran Assembly. The gravest accusations were suppressed at the instance of Taki Zadeh, but the excitement was intense. The Assembly demanded an impartial inquiry, and the immediate punishment of Rahim Khan.

I have already described what followed in the town on the day before the Shah's birthday. The illuminations were countermanded; violent and revolutionary language was used in the garden surrounding the Palace of the Assembly; imprecations were showered on the name of the Shah and all the Kajar race. The foreign Legations were warned not to wait on the Shah with the usual congratulations. Order, however, was maintained, and notices were posted up warning the people to treat all foreigners with respect.

The Shah remained obdurate. He was innocent. Rahim Khan had done nothing. He was a faithful servant of his King, and it was against the Shah's honour to allow his punishment. At most, His Majesty consented to a temporary confinement in a room of the Palace.

The Atabek was forced to interfere, and exercised the strongest personal pressure on his Sovereign, which, as he told me, was for some time ineffectual. He had to invoke the aid of the Chief Priests, one of whom was, or appeared to be, seriously ill. Their Holinesses used strong and determined language. The Russian Minister did not personally see the Shah, but, as he told me, through indirect channels urged His Majesty to remove all just grounds of complaint by timely compliance.

At length the Shah yielded. A deputation of the Assembly accompanied the Firman Firman, the Minister of Justice, who with a body of soldiers removed Rahim Khan to a place of confinement. His Highness informed me that during the march through the streets he had the impression that the crowd was quite capable of executing summary justice on Rahim Khan and on himself.

In the meantime, Buyuk Khan's proceedings, which had occasioned such alarm, were suddenly arrested by an unexpected attack on his villages by the Hajji Hojali tribe of Shalisevends, who had old scores to settle, and who had seized the opportunity of taking the popular side.

At Tehran and at Tabreez the excitement gradually subsided. But in the provinces the news was spread from town to town in an exaggerated form. Resht, Meshed, and Ispahan telegraphed their sympathies and begged for news. Reassuring telegrams have been sent by order of the Government, but it can hardly be said that confidence in the Shah is restored.

The effect in Tabreez has been to increase the already intensely bitter feeling against the Shah. The deterrent is the fear, not of the Persian Government, but of Russia. It is felt that an outbreak will lead to immediate invasion. It is true that promises of support have been received from the Mussulmans of the Caucasus and from the large and determined body of Persians who work in the oil wells of Baku. But the popular leaders are resolved, if possible, to prevent a crisis, and are exercising every possible means of calming the people. It is doubtful how long they will be able to suppress the popular indignation.

On the occasion of the Shah's birthday, the Assembly passed a loyal address as soon as news was received that His Majesty had consented to Rahim Khan's imprisonment. The Azerbaijan Deputies raised no objection. The Atabek prepared an answer, which he showed me, conveying the Shah's thanks for this expression of

the love of his faithful people, and renewing his assurance of sympathy in the constitutional idea. The message was received openly with the warmest acknowledgments. The private comments were of a different character.

I have, &c.
(Signed) CECIL SPRING-RICE.

[22394]

No. 37.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)(No. 129.)
Sir,*Gulahek, June 15, 1907.*

ALTHOUGH it is agreed on all hands that the financial situation of the country is desperate, and that some immediate steps must be taken to meet at least some of the pressing liabilities of the Government, nothing positive has yet been accomplished either by the Government or by the Assembly.

Certain financial reforms have been recommended by the latter (particulars of which will be found in Mr. Churchill's Report), but they will not have an immediate effect. In the meanwhile the financial stringency is increasing every day. Payments are a year and a-half in arrear, taxes are not coming in, there is serious discontent among officials and soldiers, and as regards the provinces the Government is powerless.

You are aware of the Attabek's character. He has acquired the habit of living from day to day; he is incapable of prosecuting for long any serious measure of reform; his idea of statecraft is to get rid of the most pressing difficulties and disarm the most importunate critics—for the day. What comes to-morrow he leaves to to-morrow to decide. The most convenient form of putting this policy into execution is to float a foreign loan, the proceeds of which he can hold in his own hand in order to drop judicious douches of oil on the troubled waters which surround him. This is the policy he would prefer to adopt, and in dealing with possible lenders he is extremely adroit in stimulating one of them by eloquent descriptions of the other's generosity. At the present moment, however, his activities are impaired by the consciousness that he is held personally responsible by a large section of public opinion for the ruinous sale of the country, which is regarded as the origin of her present misfortunes. He knows that if he continues the work which he has begun, his reputation and his life will be in serious danger. He is, therefore, anxious for a foreign loan, but he is equally anxious that the loan should be negotiated and signed by some one else.

The Majlis offers a very convenient instrument for this purpose, but the Majlis, which shares the anxieties of the Attabek and is well informed of the effect of a foreign loan on public opinion, though equally anxious to obtain the money, is equally afraid of the responsibility of obtaining it. The Majlis, however, has also an instrument ready to hand in the National Bank. This body is a characteristically Persian institution. It has everything requisite for a bank except the capital. The Persian people as a body have decidedly refused to take any part in it. They say, justly, that there is no security. But the bank, though without capital, has a whole array of privileges which would no doubt be valuable if the capital were to hand. It is therefore supposed, not without reason, that foreign capital may be attracted to the bank by its brilliant exterior, and that, the money once in the bank's coffers, the Government can lay hands on it without danger and without responsibility.

I recently received a private letter from the Attabek, in friendly and flattering terms, mentioning with praise my friendship for Persia, and lightly alluding to the financial difficulties of the country. The letter was presented to me by the Attabek's confidant, the Mouhber-es-Saltaneh, Minister of Education, the brother of the President of the Assembly. The Mouhber unfolded his plan. The Persian Government could not borrow money from a foreign Government; but nothing hindered a fair commercial transaction. In six months the administration would financially be on its legs again. Taxes would pour in, confidence would be created, the National Bank would be in a position, under the direction of the Assembly, to restore the disordered finances of the country. But a sum for immediate use was urgently required. It amounted to 200,000*l.* Without this immediate advance no reforms were possible and general chaos was the only issue. Could not the Imperial Bank take shares to this amount in the National Bank? It would be an open sign of the friendship of England to the Persian people; it would avert (and here his Excellency spoke with significant gravity)

what he was most anxious to prevent—that is, a popular campaign against the Imperial Bank. Here was a solution ready to hand; it would meet with the enthusiastic support of the Assembly, and it would admit the British Bank to a financial brotherhood with the Persian people.

I expressed my admiration for the proposal, but reminded him that by a verbal agreement with Russia we were bound not to lend money to Persia without her co-operation and consent. He said the loan was not a political but a commercial one. I regretted that a loan was a loan and an agreement an agreement. I then asked if it was not true that a German banker was in the town and that His Excellency had personally been charged with the negotiations. He said that the Germans had nothing to offer worth while taking, and much to demand which was difficult to grant. I may here remark that the fact of his Excellency's present offer to us is a confirmation of this assertion, although as a matter of fact the German negotiations still continue.

Finally, he consented that I should consult M. de Hartwig, that I should inform M. Rabino, and that his brother, the President of the Assembly, should speak to the Managers of the Russian and English Banks.

I informed M. de Hartwig accordingly. He said he had always been in favour of a scheme under which the two banks should give financial assistance to the National Bank. This would be a happy solution of the difficulty, and would take the ground from under the feet of the Germans whose activity was becoming very dangerous. I wrote to M. Rabino informing him of what had taken place, and requested Mr. Churchill to explain verbally to him and to the President of the Assembly what had passed between the Mouhber and myself.

M. Rabino informs me that the President called on him in due course but did not mention formally the subject of the Mouhber's offer. The conversation turned generally on the financial position of Persia. M. Rabino, who enjoys the respect and confidence of the President, explained to him frankly that the Government and the Assembly must endeavour to realize the fact that no one wants to lend them money and that it is useless for them to proclaim on what terms they will borrow. The National Bank he continued, is not constituted and has no capital and consequently cannot borrow. This was the answer recently given to the Attabek by the Agent of the Crédit Lyonnais who is now in Tehran.

The agent had added very pertinently that if the said "Bank" had capital and had lent it to the Government it would still have no assets upon which to borrow. It was of course impossible that any commercial body should lend money in such circumstances on commercial grounds; and to M. Rabino's mind it was almost equally inconceivable that the British Government should lend money to a non-existent body. The Persian Government might be good or bad, but at any rate it existed and was an organized institution which could be dealt with.

The Sani-ed-Dowleh listened with interest. He pointed out that he did not ask the bank to lend money to the National Bank. The people were, he said, suspicious lest the country should be sold to foreigners. M. Rabino said that this already had been done, and that the only way of escaping from the present position was to secure the active help of more than one Power interested in the integrity and independence of Persia. But that until the Government and the people had shown real signs of a serious desire to reform, and practical proof of their capacity to reorganize the finances, it was hopeless to expect the aid of foreign financiers, unless (as was most feared, and would never be consented to) foreigners were entrusted with effective governmental and financial control.

I agree with M. Rabino's views, and regard the project simply as a means of floating a foreign loan without the responsibility of the Government, and without an effective guarantee. Until Persia has shown the capacity to help herself I see no practical use in our attempting to help her; nor do I think it desirable that the two Governments should incur the odium of making the advance in order that the Attabek might escape it.

His Highness has, however, according to his habit, in all probability other resources. Although professing ignorance of M. Naus' movements, I know he had an interview with that statesman on the eve of his departure. Delegates from the National Bank have waited on the Shah, and have earnestly pressed for His Majesty's support. The sum named as a suitable subscription is 200,000*l*. In the meantime, persons nearly connected with the Shah have informed Mr. Churchill that His Majesty hopes to obtain this sum by way of private loan from St. Petersburg, and that this will shortly be arranged by M. Naus, M. Grube, and M. Ostragradsky, who are now in Conference at the Russian Ministry of Finance. I need not add that these rumours are to be taken with all reserve.

In the meanwhile, M. de Hartwig has pointed out to me that it would be useful to ourselves and salutary to the Persian Government if the two Legations addressed a serious warning to the Attabek as to the unpaid obligations of Persia to the two banks. I have expressed my readiness to comply.

I have, &c.
(Signed) CECIL SPRING-RICE.

[22396]

No. 38.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)

(No. 131. Secret.)

Sir,
Gulahek, June 17, 1907.
IT will be in your recollection that, in the year 1901, a series of Russian exploring parties were dispatched, via Siestan and the Baluch border, to South-Eastern Persia, and that Captain Schneider, our Military Attaché at Tehran, was actually shown the surveys drawn up by a Russian engineer for a railway via Yezd to Charbar.

It appears that the interest of the Russian Government, or at any rate of the Russian officials in South-Eastern Persia, has not diminished since that date.

I have the honour to inclose herewith a Memorandum drawn up by Mr. Churchill on the intelligence service organized by M. Ovseenko, Russian Consul at Bunder Abbas, which seems to have extended to Charbar and Gwetter. Such a service, as you are aware, implies a considerable expenditure.

I observed recently to M. de Hartwig that the climate of Bunder Abbas was so atrocious that, as a matter of humanity, I was inclined to recommend the British Consul to absent himself during the summer. M. de Hartwig sympathized with the unfortunate officials who had to pass the hot season in such a locality, but said that M. Ovseenko had not mentioned the subject of his summer leave.

While on the subject of the Persian Gulf he informed me that the Russian Ministry of Finance had proposed withdrawing the subsidized steam-boat service between Odessa and Bussorah. M. de Hartwig was opposed to such a withdrawal, which, as he said, would only facilitate the progress of Germany. M. Miller, now Consul-General at Liverpool, had drawn the attention of the Russian Government to the fact that English merchants were sending their goods in large quantities by the Hamburg steamers to the Persian Gulf. This was regrettable. I agreed with him, but observed that a merchant was a selfish person who attached great importance to cheap freight.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 38.

Memorandum by Mr. Churchill.

(Secret.)

IN January 1907, M. Ovseenko, Russian Consul at Bunder Abbas, employed Virza Abul Kassem, who some fifteen years ago was dismissed from the British Residency for malpractices, on a secret mission. He proceeded to Kishun and Henjam in February, to Muscat in March, and from thence to Pansi, Gwedur, and Gwetter. He then made his way overland to Bahoo and Charbar. While in Gwetter he took soundings in the harbour, as he is believed to have also done at Pasni and in both bays at Gwadur. He also made inquiries as to the numbers of the Khojas, Hindus, Baluchis, &c., the extent and value of trade, size and number of boats, the names of Headmen and Chiefs, what they pay to the Persian Government, and what they receive from the British. He also visited several strongholds and forts in the hills. His inquiries at Charbar and Tez were the same as at Gwetter. He stated that he had come from Bombay and was travelling on behalf of the Shah to report upon the state of the country, and to ascertain whether the people were contented. He also stated that he was going to start agencies of the Persian National Bank.

2. Sadeed-ed-Sultanch, Russian Consular Agent at Lingah, was summoned to Bunder Abbas by M. Ovseenko in March, and immediately numerous spies and news-agents of the Russian Consulate were everywhere visible in the town. These men became a public nuisance, and the Deputy Governor remarked the fact to His Majesty's

Consul. The Sadeed-es-Sultaneh himself collected news and patrolled the streets day and night. Sadeed-es-Sultaneh was formerly in the employ of the Persian Foreign Office as Passport Agent at Bushire. Before joining the Russian service he was in receipt of a pension of about 100*l.* a-year from the Persian Government, which has now been suspended.

3. M. Ovseenko endeavoured to bribe a personal servant employed by Messrs. Wilson and Cruickshank to report to him on their journey from Bunder Abbas to Lar and Shiraz. This has already been reported (No. 108, 20th May).

4. A Caucasian named Ali Bey arrived at Lingeh on the 11th April with the object of travelling to Shiraz via Lar and Jahrum, following in the footsteps of Messrs. Wilson and Cruickshank.

5. M. Ovseenko is reported to employ people to watch the proceedings of His Majesty's Consul at Bunder Abbas, and to follow him about when on tour.

6. It will be remembered that M. Ovseenko supplied the Calcutta "Habul-ul-Matin" newspaper with a hostile statement respecting the supposed political activity of the Macmahon Mission in Seistan.

7. It will also be remembered that M. Ovseenko was extremely hostile to the quarantine service, which is in the hands of British doctors. (Sir C. Spring-Rice's despatch No. 39 of 24th February last).

(Signed) G. P. CHURCHILL.

Gulahek, May 29, 1907.

[22397]

No. 39.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)

(No. 132.)

Sir,
I HAVE the honour to report an incident which has led to a voluminous correspondence with the Persian Government, with which I do not propose to trouble you.

For some time past there have been disorders in Kermanshah, arising out of a contest between two parties—the popular and the aristocratic—which, since the establishment of popular institutions in Persia, have been struggling for mastery. The Governor, who is a brother of the Ain-ed-Dowleh, the late reactionary Grand Vizier, sympathizes with the aristocratic party, which had till lately the upper hand, and is no doubt supported by the Court. The leaders of this party, whose expulsion had been reluctantly permitted by the Governor in deference to the popular outcry, were recently allowed to return. Disorders broke out in an aggravated form, which finally culminated in a general fusillade. There was some loss of life. Care was, however, taken not to fire on the premises occupied by the Imperial Bank, though they were adjacent to the house of one of the popular leaders, which had been converted into a sort of fortress. It is probable that the popular leaders had relations with the Salar-ed-Dowleh, whose opposition to the Government made him popular. However that may be, when the Government forces, consisting mainly of members of the nomad tribes in the neighbourhood, were brought into the town, an assault committed by the mob on an aristocratic leader afforded a convenient pretext for retaliation, and the Governor, or the Commanding Officer, ordered, or allowed, a general attack by the Royal forces on the bazaars, which were completely looted. The popular party, finding itself outmatched and plundered—as they believed, at the Governor's instigation—announced their intention of taking "bast" in the British Consulate. The Consul himself was absent. The doctor, who was tending the Consul's wife, then suffering from the effects of a severe accident, urged the applicants to leave the Consulate alone. His warnings were disregarded. The mob entered the Consular premises by the garden, which was not defended by a wall, and a crowd of 2,000 persons were soon in occupation of the Consulate. The other party protested, and sent me a telegram full of denunciations of the refugees and of their leader, a popular priest, Mollah Mohammed Mehdi. The refugees, on their part, urged that the telegraph office was in the hands of their enemies, and that their appeals to the Tehran Government and Assembly were suppressed. I communicated with the Government, pointing out the intolerable position in which the Consulate had been placed owing to its forcible occupation by a party faction for political purposes, and adding that I should have to lay all the circumstances before my Government and ask for instructions in view of the present application of the Persian doctrine of "bast," which, as I pointed out, was wholly without warrant in international law.

By way of reply I received a visit from the member of the Foreign Office charged with British affairs, who, speaking by order of the Shah, demanded the surrender of the leaders of the popular party, and especially the Mollah Mehdi. I told him that he could not wish their expulsion more ardently than I did, but that he must be aware that Persian usage would not justify the surrender of persons who had taken "bast," and that even if I instructed the Consul to surrender the leaders, he could not compel a crowd of 2,000 persons to consent to their removal. If the Persian Government could induce them to depart, I was willing to do all I could to facilitate an arrangement; beyond that I was, as he well knew, powerless. The next day I received a second visit and an even more pressing demand. I wrote a note in his presence to the Minister for Foreign Affairs, putting in as clear and as forcible language as I could the facts of the case, and urging the Persian Government, as responsible for the security of Consular Representatives resident in this country, to take such steps as would insure the speedy evacuation of the Consulate.

I may here observe that the Shah's demand, if it had been complied with, would have resulted, in all probability, in a bloody encounter in the Consulate: it would have seriously compromised the honour and reputation of this Legation; and it is quite inconceivable that His Majesty the Shah should not have been aware of the fact. In the meantime Captain Haworth had opened a letter addressed to the Consulate Munshi, and found it to contain a communication from the Salar to Mollah Mehdi, calling on him to assist the Prince in freeing the people from their oppressors, and denouncing him as a traitor and an infidel if he refused compliance. This letter, which certainly did not prove Mehdi's guilt, as similar letters had been sent all over the country, was at once communicated by Captain Haworth to the Governor.

At this juncture the Assembly interfered, and as a result of a private understanding between its President and the Atabek, telegrams were sent to the refugees promising that a fair and impartial inquiry would be held at Hamadan, where a Commission would examine the conduct of the leaders on both sides. At the same time a safe-conduct was offered on behalf of the Government to all persons concerned. These telegrams were dispatched to the Governor, and copies were given me to transmit to the refugees. They were signed by the Atabek and the President of the Assembly.

I accepted this arrangement as satisfactory, and instructed Captain Haworth to recommend the refugees to act in compliance with the terms offered. Captain Haworth thought that the terms would prove acceptable.

I learned, however, shortly afterwards that fire had been opened on the refugees in the Consulate by the mob outside. The Governor had refused either satisfaction or explanation. I at once addressed a strongly worded message to the Minister for Foreign Affairs, and requested Mr. Churchill to see his Excellency as well as the Atabek, and to represent the gravity of the occurrence. Mr. Churchill saw both statesmen. The Minister for Foreign Affairs at first was inclined to lay the blame on this Legation for having refused to surrender the ringleaders. But he was soon convinced of the impossibility of such a step. The Atabek at once realized the nature of the offence, and sent a strongly worded telegram to the Governor demanding an explanation, and making him personally responsible for the safety of the Consulate. I received the same day a telegraphic message from the Minister for Foreign Affairs of a satisfactory character, copy of which I have the honour to inclose herewith.

The anti-popular party have sent telegrams to Tehran (one of which, addressed to the Russian Legation, M de Hartwig has kindly communicated to me) stating that the Consulate has been made by Mollah Mehdi and his friends a base of operations against their enemies; that his presence there is a cause of danger and inconvenience to the town, and that I must be induced to surrender him. On the other hand, the refugees state that their property has been looted with the consent of the Governor, that their lives are in danger, and that they cannot leave the Consulate unless they have some security for their lives and property.

It is quite impossible for me to form a judgment as to the relative guilt of the two parties, both of whom have probably done as much mischief as lay in their power to do. It is evident, however, that we have no right to surrender the refugees unless their guilt is proved; and even if we had the right, we have no power to enforce compliance.

I have therefore informed Captain Haworth that he is not to run any personal risk, and that I leave it to his discretion to take up his residence at the Imperial Bank should it be necessary to do so; that he must impress on the Governor that he is not taking sides, and is most anxious to be rid of the refugees, but that he cannot surrender them

unless their guilt is proved ; and that he must do all in his power to facilitate a peaceful settlement.

The Persian Government has informed me unofficially that the Governor of Hamadan, a man of high character, and much respected in the neighbourhood, is under orders to proceed to Kermanshah ; and I trust that on his arrival a settlement will be arrived at. The refugees have already expressed their satisfaction at the prospect of his arrival. With regard to the Governor of Kermanshah, his immediate removal, under present circumstances, might only increase the disorders. But I learn from Captain Haworth that he has not made any formal apology for the outrage on the Consulate, and it will no doubt become necessary to demand his removal. I have received the usual evasive answers from the Persian Government, and the Russian Minister informs me that before his removal the Russian Legation will have to press for a settlement of their outstanding claims. Before taking decisive action I propose to await further information. I may observe that the Atabek, who is a personal enemy of the Governor, and of all his family, will do all in his power to secure his removal. In any case he will be practically superseded on the arrival of the Zahir-ed-Dowleh, from Hamadan, which is expected on the 21st.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 39.

Minister for Foreign Affairs to Sir C. Spring-Rice.

(Telegraphic.)

I HAVE this minute received your telegram informing me of the extraordinary conduct of the mob at Kermanshah.

I have reported the matter to his Highness the Atabek Azam. He joins me in expressing the regrets of the Imperial Government at this unfortunate incident. I hasten to inform your Excellency that peremptory orders are being sent by telegraph to the Governor of Kermanshah to seize and punish the individuals who have dared to fire on the British Consulate.

[22398]

No. 40.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)

(No. 133.)

Sir,

THE Shah's younger brother, the Salar-ed-Dowleh, who has for some time been a cause of anxiety to the Government, has now broken out into open rebellion.

He was appointed in 1901 to the Governorship of Arabistan and had a very cordial interview with Sir A. Hardinge before his departure. His action in that province, where he formed a matrimonial alliance with the Vali of Pushti Kuh and another powerful Chief of the Lurs, gave rise to suspicions at Court, and in 1904 he was recalled. Having failed to raise the Lurs in his favour he proposed to take "bast" in the British Legation, an intention from which he was dissuaded. After a short stay at the capital he escaped on the pretext of visiting a relation in a garden outside the town. He had prepared relays of horses and rode straight to his former province, where he has since remained. Sir A. Hardinge was not inclined to attach much importance to the overtures of friendship which he made at that time to this Legation as he had formed an unfavourable opinion of his character (see his despatch No. 100 of the 11th June, 1904).

His proceedings as Governor were as lawless and tyrannical as those of his brothers. He appears to have put himself at the head of one or other of the rival tribes and committed depredations on a considerable scale. During the late Shah's last illness he used menacing language and collected a considerable force with the intention, as it was stated, of marching on Tehran or of intercepting the Valiahd on his way to the capital. Finally he dispatched an insulting message to the present Shah, which was distributed in Tehran, announcing his intention of assuming the Government and driving his brother from the throne. The Assembly dispatched a telegram stating that he was an enemy of the country and that he must submit at once.

Shortly before this last incident Captain Haworth, His Majesty's Consul at Kermanshah, received a message from his Highness to the effect that he had collected a large force, but was anxious for a reconciliation with the Shah ; and was willing to accept the mediation of the King of England. I communicated this message to the Atabek, who informed me in reply, through Mr. Churchill, that the Shah was quite willing to be reconciled with his brother and guarantee his safety and would avail himself of the mediation of this Legation for that purpose, on the understanding, however, that it should be made quite clear that the Salar and not the Shah had taken the initiative.

I instructed Captain Haworth to send a messenger with a written message to the effect that the Shah was willing to give an assurance of pardon and safety to his brother, but that the Salar must submit himself to the Shah's authority. At the same time I instructed Captain Haworth not to go himself and to give no verbal message. After some time the messenger returned, bringing a reply from the Salar emphatically stating that he put no faith in the Shah or the Atabek ; that he desired to retain his Governorships ; that he had a large force at his command as well as assurances of support from Tabreez and other provinces. He told the messenger verbally that he had rather die sword in hand in his own province than by a cup of coffee in Tehran. The messenger stated that while he was with the Salar a message had arrived from the Russian Consul offering Russian mediation ; an offer to which the Salar returned a polite but evasive answer.

I informed the Atabek, as well as M. de Hartwig, of what the Salar had written to Captain Haworth. My Russian colleague and I agreed that it would be better if the two Consulates were to work together ; that they should send the Salar a message to the effect that the two Governments would gladly afford their good offices, but only on the understanding that the Salar submitted himself absolutely to the lawful authority of the Shah ; and that they should send, but not themselves deliver, this message, as a personal visit of the Consuls to the rebellious Prince might lead to grave misunderstandings.

On the receipt of my message informing the Persian Government of the Salar's reply, the Ala-es-Saltaneh informed me that the Shah wished to see me, and His Majesty, in the presence of his Foreign Minister, formally assured me that the Salar's life would be safe if he submitted ; that if he did not wish to come to Tehran he would be given a Governorship in the interior of Persia, and that he had better repair to the Persian camp where he would find the two Consuls.

There was unfortunately a considerable delay in the delivery of this message as Captain Haworth, with his Russian colleague, had in the meantime left Kermanshah for the Persian camp and the Persian telegraph office appeared to be unable to deliver a message in cypher.

I informed the Russian Minister at once of my audience and of His Majesty's language. I subsequently ascertained that the Shah had summoned him on the preceding day and had also charged him with a message to the Salar—I presume, of a similar character.

Somewhat to my surprise I received a telegram from Captain Haworth stating that he had returned to Kermanshah with his Russian colleague, and that they proposed to proceed at once to the Salar's camp, and there deliver the message in person, which was of course contrary to the arrangement arrived at with my Russian colleague. I called on M. de Hartwig, and we agreed to send an identic telegram to our Consuls, which he drafted himself. It instructed them to send a telegram in Persian to the Salar stating that the Consuls had been ordered to remain at Kermanshah, and could not therefore repair in person to the Prince. They were to add in their telegram that they were sending him a letter telling him that if he wished for the protection of the two Legations he must submit himself to the Shah unconditionally. The letter was to be sent at once by messenger.

I subsequently received a telegram from Captain Haworth informing me that the message had been sent, but that the telegram in Persian had not been sent, owing to the fact that the Russian Consul had not received the instruction to that effect, which had been communicated to me by M. de Hartwig. He also stated that he had announced his intention of going to the Salar himself because the Russian Consul, with whom I had instructed him to keep in touch, had been authorized, contrary to what I had been given to understand, to repair in person to the Salar.

In the meantime the Government had taken military measures, as to which I inclose an instructive Memorandum by Colonel Douglas, and had also sent the Zahir-ed-Dowleh, the much respected Governor of Hamadan, on a mission of conciliation.

I inclose copy of the Zahir's Report according to which the Salar returned an indignant and offensive reply. He was not begging for mercy: he was at the head of a strong and united army. The post office and not the Governor should have been the medium of the Government's communication. His reply would be an attack on the Government forces whom he proposed to "send to hell" in the shortest possible time.

The threatened attack, which was made at once on the town of Nehavend, appears at first to have been more or less successful, but the Salar enraged some of his adherents by his cruelty, and was deserted by a considerable part of his forces, in consequence of which he had to make a sudden retreat to the mountains.

I inclose copies of the official Reports.

Shortly afterwards Captain Haworth received another message from the Salar, asking the Consuls to come and see him, and assuring them that he had only retired for strategic reasons, and that he was as strong as ever.

On the 17th the Atabek stated to Mr. Churchill that the rebellion was by no means at an end, although it was hoped that it would soon collapse, and that the operations of the contending armies were disastrous to the surrounding country.

On the same day the Zil-es-Sultan stated his belief that the Salar would shortly appear at the British Legation.

On the 19th his Highness appeared at the British Consulate accompanied by a single sowar.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 40.

Memorandum by Lieutenant-Colonel Douglas.

WHEN the Persian Government determined to undertake military operations against the Salar-ed-Dowleh, orders were issued for the dispatch of a force from Tehran as a reinforcement for the Governor of Hamadan. Difficulties at once arose in connection with the pay of the troops, who refused to move until they had received at least a portion of the arrears due to them. After considerable delay a certain amount of money was raised, chiefly, I am told, by subscription among the Kajar Princes, and was disbursed to the men detailed to go to Hamadan; in order to prevent any jealousy, or possibly a demonstration, on the part of the remainder of the garrison, the money was paid out secretly and at night.

By this means about 1,000 men were collected outside the city, the composition of the force being approximately as follows:—

One battalion of infantry	..	..	..	..	..	..	500
Irregular cavalry	..	..	..	..	..	..	220
Persian Cossacks	..	..	..	..	..	..	125
Gunners	..	..	..	..	..	..	150
Zamburakehis	..	..	..	..	..	..	20
Total	..	..	..	..	..	..	1,015

With six mountain-guns on mules, and two machine-guns.

The irregular cavalry consisted partly of men who had come from Tabreez with the Shah, and partly of Shabsavans, and men from the villages round Tehran. The twenty Zamburakehis, are men who have received some training in the use of the machine-guns, under the ex-under-officer of the German army in whose charge these are. I understand that this man, Herr Hase, asked to be allowed to go with them, urging that without him the men were quite incapable of using the guns with any effect, but he was told that if his services were required he could come on later. The force also took with them a considerable number of rifles, with ammunition, from the Tehran arsenal for the armament of the troops being raised locally at Hamadan. They finally started on the 8th June, and reached Kurn about eight days later.

It was at one time suggested that the whole of the Cossack Brigade should be sent, but this idea was afterwards given up, probably on account of the expense involved and other difficulties raised by the Commandant. The detachment sent from the Brigade were accompanied by five Persian officers, no Russian officer or non-commissioned officer went with them.

The whole affair is instructive as showing the state of the Persian army. Out of a nominal garrison of between 7,000 and 8,000 men, it was only with the greatest difficulty and after much delay that 1,000 could be collected and sent off. The troops absolutely refused to move until they were paid, and many objected to being sent under any circumstances. The infantry regiment finally sent is recruited in the neighbourhood of Burujird, and were probably more easily persuaded to go, as they were moving towards their homes.

It is, perhaps, needless to add that the whole force would have been quite useless had they been called upon to fight, in fact they would probably have refused to do so.

(Signed) J. A. DOUGLAS, Lieutenant-Colonel,
Military Attaché.

Tehran, June 20, 1907.

Inclosure 2 in No. 40.

Zahir-ed-Dowleh to the Atabek-i-Azam.

(Communicated to His Majesty's Minister by the Atabek-i-Azam, June 5.)

(Translation.)
(Telegraphic.)

June 5, 1907.

I IMMEDIATELY communicated to his Highness, Salar-ed-Dowleh, yesterday's telegram containing advice. This is his answer:—

"Zahir-ed-Dowleh,

"I received your letter at 1 farsakh from Nehavend. Do you think you are in a coffee-house under the influence of . . . ? May I die, may you die, brother, how are you? Otherwise these things are very different to my responsibility, and I must congratulate you on your new rank of chief messenger of the telegraph-office. When you came I thought you were one of the Envoys of a great State, and that you came to put affairs of State in order. It appears you have come to give less trouble to the telegraph-office and to bring their telegrams. When did I ask the British Minister to give me an assurance of personal security? God be praised my life is in the hands of the power of God and no other. What is this game of Shah Selim which you are playing? In two hours I will, Inshallah, send you all to hell. Instead of an answer to the telegram, go away. I give you this friendly advice."

This is his Highness' letter. I await orders.

Inclosure 3 in No. 40.

Amir Afkham to the Atabek-i-Azam.

(Communicated to His Majesty's Minister by the Atabek-i-Azam, June 5.)

(Translation.)
(Telegraphic.)

June 5, 1907.

ON Tuesday afternoon (4th June) a letter arrived from his Highness Salar-ed-Dowleh for Zahir-ed-Dowleh in an envelope with your Highness' telegram, the telegram from the high priests and from the Assembly. It was very angrily worded, and said:—

"I thought you were honourable Envoys, and came to arrange matters, and, of course, you will agree to this; but you are a telegraph-office messenger, and send telegrams one after another. When did I ask the British Minister to obtain safety for me that my life should be in safety? I will arrive in Nehavend in another two hours and will send you all to hell."

Necessarily I myself, Mirza Abul Kassem Khan, and Zafar-es-Sultan, seeing these things (the messenger said they had even started, and from yesterday their people are surrounding us), have divided between us the heights round the town. The sowars and soldiers of Hamadan who have rifles, the Cherik sowars of Twiserkam,

Malayer, and Nehavend, the men of Zafar-es-Sultan, Nazar Ali Khan, Abbas Khan, and those under me are all in entrenchments. We observed that other men came to attack our camp, in which there was nothing, as all our men were in the entrenchments. There were only a few tents left in the camp, so we placed a few soldiers there and await developments.

Inclosure 4 in No. 40.

Translations of Telegraphic Reports received by Persian Government from Telegraph Office at Nehavend regarding Hostilities with Salar-ed-Dowleh on June 8, 1907.

(No. 1.)

Nehavend, June 8, 1907.

ON one side of the town the rebel horsemen have attacked, and about 100 of Ehtesham-ed-Dowleh's Khodabendeh horsemen are pursuing them. Three of the latter and one or two horses have been killed. Zafar-es-Sultan's horsemen, who were in another entrenchment, killed about ten of the rebels. Nazar Ali Khan Moomivend killed Seyed Mirza, a well-known rebel commander. Abbas Khan Chenari also shot two men, one of whom died. In fact war has begun in earnest. This occurred about sunset. 2,000 Kalhor horsemen under Salim-ul-Mulk and 500 soldiers arrived, which gave great encouragement. About fifty or sixty cannon shots were directed from His Highness' army towards the town and the entrenchments. As night came on the hostilities left off.

(No. 2.)

Nehavend, June 8, 1907.

Before midday news came that in the night a force of Lurs went to a number of villages and robbed the cattle, which they took to Salar-el-Dowleh's camp. Amir Afkham sent 200 men against them and recaptured the cattle, when suddenly the rebels came up in force from behind to reinforce the enemy. Ehtesham-ed-Dowleh's men came to the assistance of those of Amir Afkham. Suddenly about 2,000 Lur horsemen confronted them. News is sent to Amir Afkham's camp, and reinforcements are sent up. A hot engagement takes place 2 miles from Nehavend. Numbers on both sides are killed. About ten or fifteen of the enemy were certainly killed. On our side two men and some horses are so far reported killed. Then the Lurs got the advantage, and again obtained possession of the cattle, and then attacked the entrenchments of the town. Many shots were fired on them from the entrenchments. They were repelled and hard pressed. They then brought a breech-loader gun to a hill overlooking the town and repeatedly bombarded the entrenchments and the town. They have also attacked on another side, but have not yet reached the town, but their horsemen on the flank are pressing hard. Their guns are paralyzing the people. If it goes on like this things will be very hard. Number of killed not exactly known.

Hostilities still going on. The horsemen and soldiers have not yet returned. Fighting is going on on three sides of the town, and from one side they are firing a gun at the town, and the shells reach the gardens outside the town. So far thirty cannon shots have been fired at the town. At this moment (5 P.M.) operations are still in progress.

(No. 3.)

Nehavend, June 9, 1907.

This morning all the horsemen were prepared to make a combined attack on the Lurs and to completely rout the enemy. They went a little way, but it appeared that last night his Highness fled with his camp. Great rejoicings.

[22399]

No. 41.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)

(No. 134.)

Sir,

Gulahek, June 18, 1907.

I HAVE had the honour to transmit to you, in a separate despatch, Mr. Churchill's excellent monthly summaries of Persian affairs in Tehran and the provinces, and of the proceedings in the Assembly.

The process of disintegration continues in a somewhat less peaceful form than hitherto. An armed insurrection has taken place in the west; the nomads are pillaging; the province of Azerbaijan was thrown into an intense state of excitement by the discovery of a Royal plot against the members of the local Assembly; a conflict has taken place in Kermanshah between the popular and the aristocratic factions, the latter having gained the upper hand owing to the appearance in the town of the Royal troops.

The financial condition of the Government is, if possible, worse than ever. The police of the capital are on strike; it has been found almost impossible to scrape together money enough to induce the Tehran troops to leave for the scene of the rebellion.

The Tehran Assembly has little influence in the provinces. It vainly thundered for some weeks against the Kavam-ul-Mulk in Shiraz, and a brigand priest in Sultanabad. In both these cases the covert protection of the Government has been able to defeat the efforts of the Assembly. It has dispatched a Circular telegram to the provinces, urging them to refer all matters for settlement to Tehran, but so far without much effect. It is, however, regarded with respect by the Shah and the Government, who have been forced on several occasions to yield to its pressure. It has passed a financial law which it is hoped will bring about a gradual reform of provincial finances. Whether or not it satisfies the popular aspirations, it is at any rate regarded as indispensable, and neither the Shah nor his Government has the courage to openly attack it. His Majesty has resorted to the expedient of bribing a well-known priest to organize an anti-Popular party, with the result, however, that the priest was condemned by the great Mujtaheds of Kerbela, and the Shah himself repudiated his instrument and demanded the return of his money.

A more ingenious and successful form of attack has been directed against the Assembly in the form of an amendment to the Constitution, giving all Persians equal rights, irrespective of their creed. The Mollahs intervened, in the name of the Shara Law, and the consequence has been a breach between the Popular party and the priests, their nominal leaders.

The Government would, if it dared, borrow abroad to meet its present liabilities. But, in view of the popular sentiment, it does not resort to a foreign loan. It appeals to the Assembly for help, in the form of subscriptions to the proposed National Bank. The answer it receives is that the people will subscribe as soon as the rich nobles, who are known to have large sums of money, show the way. This the rich refuse to do. As to raising money by taxation, the Assembly appears to be convinced that as soon as the Government has any money in hand it will use it for the destruction of the Medjlis. Any effective control of expenditure is regarded as quite out of the question. The exasperation against the Shah is rapidly increasing. It is universally believed that he is determined, if he can, to withdraw the Constitution, even at the cost of the independence of the country. The recent events at Tabreez and Kermanshah have left the impression that his immediate programme is to hire banditti to murder his political opponents, and the people appear to be determined that he shall not have their money to use for such a purpose.

The Atabek is at his wits' end, and is in a state of profound depression. It is believed that the Shah is deeply disappointed at his refusal to take action against the Medjlis, or to obtain a foreign loan. Without money the Prime Minister is powerless, and it is hard to see from what source money can be drawn.

It cannot be said, however, that the people at large share his depression. The country on the whole is not much more disturbed than in more normal years. There has not been much loss of life in the various civic disorders, and the people have in most cases gained their ends by the expulsion of oppressive Governors, and relief from local tyranny and extortion. They are consequently not dissatisfied with the present state of affairs, although from the Government point of view there is no money in the State coffers, no control over the provinces, and an almost complete state of anarchy throughout the country.

There is a considerable difference between the north and south. In the south the popular movement has an almost farcical character; it turns on personal or pecuniary questions. In the north there appears to be a more or less definite political aim, and a keen sense of patriotism. So far, there is no sign of an anti-foreign outbreak; but there has also been no definite sign of foreign interference. The Shah is supposed to lean on Russia. Turkey's action on the frontier is decidedly aggressive. The German Legation is said to have come to a financial agreement which relates rather to the future than to the present; but there has been no active or open interference by foreign nations in Persian affairs. If there is, the Popular leaders are said to be prepared with their programme.

I have, &c.
(Signed) CECIL SPRING-RICE.

[22401]

No. 42.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)(No. 136.)
Sir,

I HAVE the honour to transmit herewith an interesting Memorandum drawn up by Mr. Loraine on recent affairs in the Bakhtiari country, and their effect on the interests of the Oil Syndicate and Messrs. Lynch.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 42.

Summary of Events in the Bakhtiari Country.

ABOUT the middle of April the Ilkhani, Samsam-es-Saltaneh, was deposed; his first cousin, the Shahab-es-Saltaneh, then Ilbeggi, was appointed Ilkhani, the latter's brother, the Sarum-ul-Mulk, succeeding him as Ilbeggi.

The Samsam refused to acquiesce in the changed order of things, and long negotiations went on between the two Chiefs at Malamir; no agreement, however, was reached.

Meanwhile, in Tehran an attempt was made to frighten the Legation into support of the Samsam's party by threats that no responsibility could be accepted for the lives and property of British subjects in the Bakhtiari country. His Majesty's Minister, in bringing this unofficially to the knowledge of the Minister for Foreign Affairs, stated that the Bakhtiari tribes would be held collectively responsible for any injury to British lives or property.

That the Samsam's threats were not altogether empty may be inferred from Consular reports since received, viz.:—

1. From Mr. Barnham, that the Legation courier to Shiraz had been attacked and robbed by the Samsam's men 7 farsakhs north of Ispahan, while others had held up travellers on the road between Ispahan and Bistagoon.

2. From Captain Lorimer, that the Kuhgelu, at the instigation of the Samsam, had robbed the oil works near Ramuz on two occasions, carrying off seven mules in all, with their loads.

3. From Captain Lorimer, that certain caravans belonging to Messrs. Lynch had been robbed by the Samsam's pickets at various points on the Ahwaz Ispahan road.

Besides these, a number of minor robberies and acts of violence were perpetrated daily in the Samsam's name.

Complaints were also received from Messrs. Lynch's agent in Tehran that, owing to the disturbances in the Bakhtiari district and the consequent insecurity of the road, such caravans as had already started were in danger, while a general dislocation of their transport trade was threatened.

Sir C. Spring-Rice had already, in a note dated the 6th June, drawn the serious attention of the Persian Government to this unsatisfactory state of affairs, and, upon receiving the latter complaints, addressed to them on the 12th June, a further communication on the subject, urging that the hands of the local authorities might be

strengthened in such a way as to permit of their immediately restoring peace and order in the disturbed province.

It appears that the Atabeg telegraphed, ordering the Samsam to proceed at once to Tehran, and sanctioning the use of force if he refused. The Samsam paid no attention, though his reason for so doing is not clear. Other similar messages were transmitted to him by the Sardar Mukarrem, Governor of Arabistan, who, being unable to return to Shushter, has been staying now for some time at Chehar Mahal. The Sardar Mukarrem is a nephew of the Nizam-es-Saltaneh, to whose Governorship of Ispahan that of the Bakhtiari district was added about a month ago, and the fact that the Samsam does not recognize the uncle's authority presumably served as an excuse for ignoring the nephew's representations.

The Shahab himself unfortunately showed no resolution in dealing with the situation. Partly, it would appear, owing to a natural aversion to strong measures, partly from fear of the motives of such measures being misinterpreted at Tehran, and ascribed to personal animosity, he refrained from attacking the Samsam. It seems hardly doubtful that, had he done so, his success was assured, as not only had he a superior force, but his opponent's proceedings had alienated the sympathies of even some of his own family.

In all other ways the Shahab seems to have acted with moderation and good sense. He succeeded in recovering the stolen mules, and took steps to insure the proper guarding of the Oil Syndicate's borings. He has also accepted the Governorship of Belbahan, which should be a distinct step towards the resumption of the cordial relations which existed between the Bakhtiari Khans and the Sheikh of Mohammerah before the Samsam became Ilkhani.

The latest news from various sources is that the Samsam and the Shahab have composed their differences, and that order has been restored in the disturbed district.

It is said that the reconciliation is based on the reversion of the two Chiefs to their former positions; no official confirmation of this has been received as yet.

(Signed) PERCY L. LORAIN.

Gulahek, June 20, 1907.

[22402]

No. 43.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)(No. 137.)
Sir,

I HAVE the honour to inclose herewith the usual Monthly Summary of Events in Persia for June, as well as a statement of the proceedings of the National Assembly during the same period.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 43.

No. 7.—*Monthly Summary of Events in Persia for June 1907.*

NORTHERN PERSIA.

Tehran.

1. *National Assembly.*—The discussions which were in progress during the last week of May, concerning equality before the law, irrespective of creed, for which a supplementary clause was to be added to the Constitution, were suddenly brought to an end on the 25th May, when the contending parties joined hands against the Government on an entirely different issue. News from Tabreez, where the bazaars had been closed for some time, reached the Assembly to the effect that the Shah had employed agents to coerce the Tabreez local Assembly, that an irregular force was marching on the town, and that certain persons had been paid by the Shah's agents to murder some members of the "Enjumen." The Shah's principal agent was reported to be Buyuk Khan, the son of Rahim Khan, a robber Chief of the district of Karadagh in Azerbaijan, then residing in Tehran, who was accused of having

telegraphed to his son that the Shah approved his action. This, and other evidence of the Shah's complicity, greatly exasperated the people both at Tabreez and in Tehran, who demanded Rabim Khan's instant arrest, which, after some show of opposition, lasting over the 25th and 26th May, was finally agreed to on the 27th. The bazaars of Tehran were closed on the 25th and 26th, when several thousand excited people collected at the Assembly, which sat on the 25th, until 11:30 P.M. The illuminations in celebration of the Shah's birthday, which were to have taken place on the night of the 26th, were prohibited by the populace, and even the Imperial Bank was not allowed to illuminate. The Corps Diplomatique was received in audience by the Shah on the 27th at 11 A.M. His Majesty did not appear to be in very good spirits. In the evening His Imperial Highness Naib-es-Sultaneh, Minister of War, gave a dinner to over 150 guests, including the Corps Diplomatique, and there was afterwards the usual display of fireworks. A remarkable feature of the demonstration at Tehran was the revolutionary and anti-dynastic tone of the speeches delivered in the grounds of the National Assembly. One of the speakers was Mirza Ibrahim Khan, the Chief Interpreter of the French Legation, who deprecated the growth of Russian influence at Court, and referred to the presence there of M. Chapehal, the Russian Jew who is now one of the Shah's trusted chamberlains. The Russian Minister is said to have drawn the French Minister's attention to the activity of his interpreter, who had the reputation of being an adherent of the "Babi" sect. The Shah is reported to have asked the principal Mujtehed, Seyed Abdullah, to denounce the French interpreter as a heretic, which, however, the Mujtehed refused to do. Mirza Ibrahim Khan has since left the service of the French Legation. Another feature of the movement is the sympathy shown by the employés of the Ministries of Foreign Affairs and Justice. The former are said to have declared that, if the people's just demands were not conceded, they would all go on strike in a body. It should be remembered that the Foreign Office officials have not received any pay for over eighteen months.

A faction, headed by some prominent Mollahs, including the Mujtehed Sheikh Fazlullah and the head of the Seyeds, Nakib-us-Sadat, has shown considerable activity during the month, hostile to the National Assembly. The latter sent his son to the Russian and British Legations to say that a deputation of 2,000 persons wished to invade their grounds, as a protest against the recent action taken by the Assembly in suppressing fiefs, as reported elsewhere. They received the utmost discouragement, and have apparently abandoned this form of intrigue, for the present at any rate.

2. M. Naus left Tehran on the 30th May, but was stopped at Enzelli by the people, who telegraphed to the National Assembly to ask whether he was leaving the country with their sanction. He was eventually allowed to embark, and proceeded, it is said, to St. Petersburg. M. Naus' views with regard to the situation in Persia are tolerably well known. He considers that the National movement is merely an attempt by certain unscrupulous persons to gain power and money; that if the movement is allowed to gather force it will lead to widespread disorders, and that it must be checked by the help of English and Russian gold. M. Naus actually expressed these views to a member of His Majesty's Legation. Whether M. Grube will be able to help him remains to be seen.

3. The want of money is being felt very keenly; at any rate a great show is being made by the Government of penury which the Atabek-i-Azam lays stress on at every opportunity. A feeble attempt was lately made to revive the National Bank scheme, and it was suggested by the Atabek-i-Azam that the Imperial Bank should make the National Bank a commercial advance of 200,000*l*. Mr. Rabino pointed out that the bank was pressing the Persian Government for the repayment of an advance of the same amount, and that the National Bank did not even exist. In the meantime, the soldiers are pressing for pay, and the Tehran police have made demonstrations for the purpose of receiving a year's arrears of pay. There are various rumours respecting the conclusion of an arrangement by which the German bank will co-operate with the National Bank, but nothing definite has as yet transpired.

4. The Tehran "Habl-ul-Matin" newspaper has published a number of articles on the subject of the proposed German bank, deprecating the growth of German influence in Persia. The translation of an article, which appeared in the "Standard," was published in full, and remarks passed upon it. An article from the pen of the interpreter of the Austrian Legation appeared endeavouring to show that the establishment of a German bank would be beneficial rather than the reverse. Another paper draws attention to British influence in Bahrein, which is described as belonging to Persia. A newspaper, edited by an Afghan, lately purported to describe a dinner

given by His Majesty's Minister to the Zil-es-Sultan, at which the Russian Minister was present, and stated that the Russian Minister's daughter drank to the health and prosperity of the National Assembly. The whole thing was misrepresented. The dinner actually took place, but Mdlle. de Hartwig was not present. The Russian Minister, however, took exception to the publication; His Majesty's Minister drew the attention of the Foreign Minister to the subject, and the newspaper has now been stopped on the ground that foreign subjects may not edit newspapers.

Several new papers have lately appeared, and their tone is even more democratic and anti-dynastic than ever.

The Tehran edition of the "Habl-ul-Matin," which has lately appeared, and is a daily paper, publishes remarkably sound articles on current political topics. The "Majliss" continues to publish reports of the proceedings of the Assembly, which now appear the day after the sittings.

5. In a conversation with a member of His Majesty's Legation, the Zil-es-Sultan on the 17th instant said that he called on the Russian Minister on the 12th, and was very satisfied with the friendly way in which M. de Hartwig received him. He had suggested to the Zil that he should accept the post of Governor-General of Azerbaijan. His Highness was of opinion, however, that it would be folly for him to undertake such a task at the present juncture; men of straw, he said, should be appointed Governors and should receive comparatively low salaries. He remarked that subsequently he received overtures to the same effect at the Palace which showed that the Russian Minister had been consulted in the matter. Referring to the firing into the British Consulate at Kermanshah, he said that the present Governor of that province was an incompetent person, and as he was a brother of the Ain-ed-Dowleh (the ex-Grand Vizier), "c'était tout dire." Some people said that the English had got up the incident themselves to carry out some object of their own. Others said that the same thing occurred at Kerbela and nothing happened.

6. It is reported that the Semsam-es-Sultaneh has been reappointed Ilkhani of the Bakhtiari and Shahab-es-Sultaneh Ilbeggi, reverting to the former régime. During the time Samsam-es-Sultaneh was out of office he is reported to have instigated highway robberies and the pillage of several caravans, including property belonging to British subjects, and complaints were made on the subject by His Majesty's Minister to the Persian Government.

7. A man named Raghib Effendi was shot at Tehran on the 15th instant in broad daylight. He is stated to have been a Turkish subject originally a native of Ispahan.

8. A report was spread at the beginning of June that British transports were ready in Indian waters to proceed to the Gulf when the order should be given. His Majesty's Minister wrote to the Persian Government denying the rumour which was evidently spread wilfully to strain the good relations existing between the two friendly Governments. The Foreign Minister replied that the Persian Government attached no importance to such rumours.

9. It having been reported that the Ameer of Afghanistan was about to proceed to Herat with 40,000 men, the Foreign Minister was instructed to make inquiries on the subject of His Majesty's Minister and further to state that the Persian Government would be prepared to send a friendly Mission to the Ameer on the occasion of his visit if His Majesty's Government approved. The Government of India telegraphed that the Ameer was reported to be taking his usual body guard of 800 men, and agreed with Sir C. Spring-Rice that a Persian Mission to Afghanistan was undesirable.

10. The Persian Government has drawn the attention of His Majesty's Government to the encroachment of the Turkish troops both on the north-western and south-western borders. Similar representations have been made to the Russian Legation with a view to the joint co-operation of the two Governments in renewed representations at Constantinople.

The following subjects have been dealt with in separate despatches:—

Subjects dealt with.	No. of Despatch.	Date of Despatch.
Zones of Influence in Persia	122	June 12
Missionary Enterprise	123	" 12
M. Desco's Opinion on British Policy	124	" 13
Turkish Activity on Frontier	125	" 13
M. Naus	126	" 14
Mr. Loraine's Journey	127	" 14
Events in Azerbaijan	128	" 15
Financial Situation	129	" 15
Russian Activity in the Gulf	131	" 17
Events at Kermanshah	132	" 18
Activity of Salu-ed-Dowleh	133	" 18
Review of Situation	134	" 19

Tabreez.

1. The bazaars were closed during the last half of May, and the town was practically in a state of siege. At night the streets were patrolled by bodies of armed men in the service of the local Assembly. Similar patrols held all the entrances of the town, and challenged, and even searched all persons leaving or entering the place. On the 21st May three men entered the telegraph office with the intention of assassinating certain members of the local Assembly, which held its sittings there. Their proceedings attracted suspicion, and they were arrested. One of them resisted, and was shot and mortally wounded. The two uninjured men were well beaten, and confessed that they were natives of Karadagh, who had been promised 100 tomans each and a rifle to murder the leading members of the Assembly, by Ikram-es-Sultan, one of the Shah's attendants. The wounded man voluntarily confirmed the statement of his accomplices before expiring. On the 22nd it became known that Buyuk Khan, son of Rahim Khan, was advancing towards Tabreez with a considerable force, pillaging all the villages on his way. Two days later, the apprehensions caused by this news, were somewhat allayed by a telegram to the effect that a local tribe was pillaging Rahim Khan's territory in the absence of his son, who was obliged to return in order to defend his father's estates. On the 25th a letter from Buyuk Khan to the Governor of Tabreez, was intercepted stating that he had pillaged a satisfactory number of villages, and was ready to come to Tabreez, if the Governor gave the word, and carry off the local Assembly to Tehran. Mr. Wratislaw, in reporting the above, commented that these events increased the general hatred and distrust of the Shah, if that were possible. The Governor was at once placed under arrest when the incriminating letter was received. The matter was taken up by the Tehran Assembly on the 25th and 26th May with the result that Rahim Khan was placed under arrest as reported in another paragraph. The situation became somewhat calmer until the 5th June, when the disturbances were renewed on account of the scarcity of bread. The local Assembly, which continued to sit at the telegraph office, was mobbed by a crowd demanding wheat, and during the course of the day one of the richest merchants of the town, who was supposed to have cornered wheat, was beaten to death by the mob, and hung outside the telegraph office. There was considerable excitement for a time, and the owners of wheat contemplated taking refuge at His Majesty's Consulate-General. Mr. Stevens, who had taken charge from Mr. Wratislaw, who had gone on leave of absence to England, dissuaded the people from again taking refuge at the Consulate.

Disturbances were reported at the end of May from Maku, a town and district at the extreme north-west corner of Azerbaijan, where the populace expelled their Chieftain.

As already reported the road from Astara to Ardebil has been leased to a Russian subject, by the Persian owner of the Concession. The Assembly at Tehran is at present investigating the legality of the transfer. In the meantime travellers and caravan drivers have refused to pay the tolls, and it is reported that some Russian Cossacks have crossed the frontier to assist the toll-collectors, and to maintain order. A Secretary of the Russian Consulate at Tabreez, left with ten Cossacks for Ardebil at the beginning of June in this connection.

An attempt is being made to arrest Buyuk Khan, but he is still at large.

Resht.

The Foreign Office Agent left on the 25th May, and the new Governor not having arrived, the administration of the province seems to have been left to look after itself. The result was that comparative calm was restored, though there seemed to be an increase of activity on the part of the extreme popular party. When the news of the Tabreez events reached the local Assembly on the 2nd instant, a demonstration was organized in sympathy, and the bazaars were closed. Telegrams were sent to Tabreez and Tehran, and several messages were sent through His Majesty's Legation to the Tehran Assembly. When it was discovered at Resht that the matter had been more or less settled to the satisfaction of the populace, the bazaars were reopened.

M. Naus was stopped on his way to Europe by the populace at Enzelli, as well as Moayyed-es-Sultaneh who was proceeding on a Mission to Germany and other Courts to announce the accession of the Shah. They were, however, eventually allowed to proceed.

Disturbances are reported at Talish, a district on the Caspian shore between Enzelli and Astara. The Governor is said to have committed atrocities and the peasants to have risen.

The silk industry is reported upon favourably. The cocoons should be ready now to be delivered to the owners of sheds to be dried. A Frenchman has been engaged by the Persian Government to teach the natives the best way of rearing the silkworm.

The local Assembly at Enzelli was torn by internal dissension, and a disturbance took place on the 7th May.

Mesched.

As reported in the last summary the local Assembly insisted upon being present at the opening of some cases containing "observatory instruments" which had arrived at His Majesty's Consulate-General, regarding which they had suspicions. Major Sykes allowed two leading members of the Assembly to be present when the cases were opened and observed to them that as the whole idea of their "Madjliss" was but a seed sown by the "Mother of Parliaments," he felt astonished that they had not realized how ready he was to assist them in every way. They were extremely friendly and withdrew after apologizing and expressing the hope that he would give them the benefit of his advice on knotty questions. Subsequently, Major Sykes invited the local members to a Gymkhana meeting, and stated that his Attaché saw the President occasionally and gave him good advice.

The new Governor-General, His Highness Rukn-ed-Dowleh, arrived at Mesched on the 20th May. He is reported to have treated the local Assembly with much respect and appointed a representative to attend its meetings.

The following was the decision arrived at as to the persons implicated in the murder of a Russian subject at Sabzevar for illegal relations with a Mussulman woman who was also killed as reported at the time. Two men to be strangled, four men to be imprisoned for four months, seven men to be flogged and expelled from Sabzevar. Only one man was caught for the strangling, and after he was black in the face, the Russian Representative asked that he should be pardoned. The other man is in hiding. This terminates what might have been a very serious matter most satisfactorily.

On the 27th May a feeble attempt at a demonstration was made in sympathy with Tehran and Tabreez. There was a good deal of talk of appealing to the British Consulate. Major Sykes writes: "So far our influence has convinced the leaders of the movement that order must be maintained, but the outlook is undoubtedly gloomy, although, at present, we have nothing to fear, as we are known to sympathize with progress in Persia."

Lieutenant Daukes has been sent to Atrabad to inquire into the accusations made against the native British Agent.

Turbat-i-Haideri.

The local Assembly meets twice a week and appears to be inspired with a genuine desire to promote the welfare of the district.

Birjand.

Captain Franklin, His Majesty's Vice-Consul, reports that a well known frontier thief has been captured by a party of 200 Afghans specially sent for the purpose from Herat.

Major Kennion, who is staying with his family at Birjand during the hot weather, will probably have to return to Seistan on account of the illness of Dr. Kelly, who is acting in Seistan for him.

CENTRAL AND EASTERN PERSIA.

Ispahan.

The Zil-es-Sultan's agents at Ispahan have intrigued with the object of bringing about his return and drew up a formal deed of reconciliation between the Zil and the clergy who brought about his dismissal. When the news got out considerable resentment was shown by the populace against the priests. The reports received from Ispahan show that though Agha Nejeifi and his brother were able to lead a movement directed against the Zil-es-Sultan, they are unable to now do the reverse however tempting the Zil's inducements may be.

His Highness Prince Nayer-ed-Dowleh is designated as the Nizam-es-Sultaneh's successor as Governor.

The Tabreez popular leaders have telegraphed to the Mujtcheds of Ispahan demanding their support in bringing pressure to bear on the Shah. Agha Nejeifi advised the people not to pay taxes until the Shah signed the supplementary clauses to the Constitution which gave rise to a stormy interview between him and the Nizam-es-Sultaneh. The supplementary clauses are as a matter of fact still under discussion in the Tehran Assembly. Agha Nejeifi subsequently delivered an address in the mosque against the use of European clothing, and declared that he and his colleagues would wear no clothing of European manufacture. The local Assembly wrote to the Governor asking for his help in preventing Persians from sending their children to the mission school.

The Bakhtiari.

The reports which have been received on the subject of the deposition of Semsam-es-Sultaneh from the post of Ilkhani, all tend to show that the change was brought about mainly at the instigation of the Nizam-es-Sultaneh, who is hostile to that branch of the Bakhtiari Khans. With the approaching departure of Nizam-es-Sultaneh from Ispahan for his new post at Shiraz, where he will have no connection with the tribe, comes the news of the reappointment of Semsam-es-Sultaneh as Ilkhani. In the meantime there is every reason to fear that Semsam-es-Sultaneh spent his time when out of office in looting the country in order to bring discredit on his cousin Shahab-es-Sultaneh, who had been appointed to succeed him. The change was made before the arrival at Tehran of Amin-es-Sultan, who probably used his influence in favour of Semsam-es-Sultaneh. At the end of May fighting occurred between the supporters of the two factions, and the men of Samsam-es-Sultaneh were out in every direction attacking caravans. The Tehran Post, as well as the British Courier, was robbed north of Ispahan.

Sultanabad.

Haji Agha Mohsin, who has committed so many atrocities in the district, is still at large, and the Tehran Assembly has been unable to bring about his arrest.

Seistan.

Quarantine has been abolished.

A Seistan Mujtched has sent a telegram to the Minister of the Interior through the Russian telegraph master recommending that Mir Masum Khan, the Heshmet-ul-Mulk's younger son, should be reappointed Deputy Governor of Seistan, as he had ruled well and the people were satisfied with him. The cost of this telegram was paid by the Russian Munshi, so it is probable that the Russians are not finding Mohammed

Reza Khan as pliable as they imagined he would be, and are therefore taking steps to get him replaced by Mir Masum.

The Russians are continuing to acquire land in the vicinity of their Consulate, and lately purchased a house and garden to the south-east of their Consulate.

Three caravans of smuggled arms landed at or near Jask were reported to be on their way north, and to be likely to cross into Afghanistan near the Seistan border. The first passed, but the second was captured, as reported in the last summary. The third was reported to be approaching at the beginning of June, and steps were taken to intercept it, but so far without success.

Things remain quiet in Seistan and Kain. The Heshmet's supporters in Birjand and Kain are carrying on an agitation in his favour, but so far without success. The Shaukat-ul-Mulk has applied for a loan of 20,000 tomans to repay his debt to the Russian Bank.

Though the Tehran Assembly is recognized as a Power, no local Representatives have been found to go to the capital. No local Assemblies have so far been formed in either Seistan or Kain.

Two Hindus arrived in Seistan at the end of April travelling from Bokhara to India via Nushki. They are said to be Russian agents, and are being watched.

Kerman.

Nothing of interest to report.

SOUTHERN PERSIA.

Shiraz.

During the whole month under review the town of Shiraz has been in a disturbed condition owing to the hostility of different factions. The Kavam-ul-Mulk, who appeared to be the centre of disturbance, as usual, refused to leave the town in obedience to the urgent demand of the people, backed by the Tehran Assembly and the Shah's orders. The result was demonstration and counter demonstration, the taking of sanctuary at different mosques, and much talk. Fortunately the British Consulate was not dragged into the quarrel as on a former occasion. The Kavam-ul-Mulk is now reported to have left.

The roads are in the usual condition of insecurity, and constant robberies of caravans and posts are reported.

Bushire.

The local Assembly received a telegram in May from the Resht Assembly which was interpreted to mean that the return to power of the Atabek-i-Azam with his Russophile sympathies is, in view of Russia's well-known hostility to the cause, calculated to kill the Liberal movement in Persia. Subsequently the telegram sent by the Tehran Assembly to all the provincial Assemblies was received expressing concern at the news of continual and widespread disorders, and warning the local bodies that no attention will be paid to the ventilation of grievances by local agitation.

M. Descos, lately French Minister at Tehran, returned to Bushire on the 22nd May after visiting Shiraz, and left on the 24th by the Russian steamer "Tigre" for home.

The new Governor of Bushire, Saeed-es-Sultaneh, is described by His Majesty's Resident as very inept and inexperienced.

M. Miller, the Russian Consul-General, who sometimes worships at the Armenian church in Bushire town, interviewed the Governor in connection with the hostility evinced by the Bushiris to the ringing of a church bell which the Armenians had set up. Feeling was so strong on the subject that the Governor had to order the ringing to be stopped.

The Persian Postmaster received instructions in May not to accept parcels or articles of value for up country, the roads being unsafe.

The proposal made by His Majesty's Resident to employ the eight sowars formerly stationed at Bushire as couriers on the Bushire-Shiraz road has not received the sanction of the Government of India.

Bahrein.

Bubonic plague broke out at the end of April, as already reported. The number of authenticated deaths from the disease up to the 3rd May appears to be nineteen. All the cases seen by the Mission and agency doctors appeared to be of a very virulent character. By the 10th May the deaths had increased to over 150. Dead rats have been found both in the servants' quarters of the Political Agency and in the up-stairs dwelling-rooms of the American missionaries. Some passengers who arrived at Bushire from Bahrein by the steam-ship "Nuddea" were found to be suffering from plague, and one has since died. Three more cases subsequently appeared among the passengers in quarantine. Considerable public interest was displayed at Bushire in the measures of quarantine directed against Bahrein. During the week ending the 18th May 200 deaths from plague occurred at Bahrein, and of fifteen cases treated at the Bushire quarantine station, seven died.

Bunder Abbas.

The activity of the Russian Consul has been fully reported up in a separate Memorandum.

A slight earthquake shock occurred at 8.10 on the morning of the 13th May, lasting eleven seconds, and in the evening a meteor fell causing a brilliant light for about two minutes, the movement being accompanied by a rumbling noise like thunder.

Mohammerah.

Nothing of importance to report.

WESTERN PERSIA.*Kermanshah.*

The following is a brief chronological account of the events connected with the Salar-ed-Dowleh and the events which occurred at Kermanshah:—

May 7.—The Governor of Kermanshah made peace between the two rival factions on the understanding that the members of the aristocratic party should be expelled.

May 15.—Russian Consul's servants were beaten by those of Agha Mohammed Mehdi, a Mujtahed who was credited with fanaticism. Town quiet but district disturbed.

May 16.—British Consul received a letter from Salar-ed-Dowleh asking intervention.

May 18.—Shah gives assurance of pardon and safety to Salar.

May 30.—Messenger returns to Kermanshah after delivering letter to Salar, who asks to be maintained in Governorship of Arabistan, &c., and says he prefers to die fighting than to be poisoned by the Shah.

(In February the Shah telegraphed to his brother adjuring him bluntly not to play the fool, as he did not want to have to soil his skirts with the blood of a relative.)

May 31.—British Consul leaves Kermanshah with his Russian colleague for Kangavar and Assudabad (55 and 78 miles), "to see what is being done there."

June 1.—Tehran Assembly and Mujtaheds send strongly worded telegrams to Salar urging him to obey Shah's orders. His Majesty's Minister sends a similar telegram, after an interview with the Shah.

June 2.—His Majesty's Minister reports facts to Foreign Office.

June 3.—Bazaars of Kermanshah looted. 300 persons take refuge at British Consulate. Refugees increase to 2,000. Captain Crossle, I.M.S., in charge of Consulate.

June 4.—Salar sends insulting reply to Shah's messages.

June 5.—Refugees include Mujtahed Agha Mohammed Mehdi. Captain Haworth returns with Russian colleague to Kermanshah. Persian Government demand surrender of Mujtahed who is supposed to have caused riot.

June 6.—Incriminating letter from Salar-ed-Dowleh to Mehdi intercepted by British Consul.

June 7.—Turkish Ambassador writes that the Salar has asked Turkish help.

June 8.—Skirmish occurs outside Nehavend between Salar's following and Imperial troops.

June 9.—Salar retires.

June 12.—Negotiations for departure of Mehdi and refugees progressing.

June 13.—Salar writes to British Consul that he is still awaiting him and his Russian colleague; that he had defeated the Imperial troops and had retired to avoid further complications. The message sent by His Majesty's Minister the 1st June, at the Shah's request, had not reached the Salar.

June 15.—Refugees in British Consulate fired at from elevated ground outside.

June 16.—Strong protest made to Persian Government. Foreign Minister and Minister of Interior offer apology. Latter decides to send Zahir-ed-Dowleh to inquire.

June 18.—Salar-ed-Dowleh, accompanied by one attendant, takes refuge at the British Consulate, Kermanshah.

(Signed) G. P. CHURCHILL.

Gulahek, June 18, 1907.

Commercial Supplement to Monthly Summary.

The commercial outlook in Persia is by no means encouraging. The political conditions are so uncertain that trade must be carried on with a margin of risk entirely disproportionate to the possible profits. The principal British firms actually trading in Persia are:—

Messrs. Lynch Brothers.

Messrs. Ziegler and Co.

II. Stevens (Tabreez).

Messrs. Grey Paul and Co. (Bushire).

Messrs. Lynch's operations are principally conducted in the south; Messrs. Ziegler are chiefly occupied in the carpet trade at Sultanabad, where they have been greatly hampered of late. Mr. Stevens trades in the north and has lately directed his attention to the silk business in Mazanderan, where the assistance of the Legation was invoked to counteract the hampering influence of the authorities. Messrs. Grey Paul devote their business to the forwarding agency in the south. The import of Manchester goods is chiefly carried on by native establishments, of which the principal is the firm of Messrs. Haji Ali Akber and Sons, which has been established in London for many years, and does a considerable business.

At the present juncture, owing to political disturbances, the tightness of the money market, and the want of safety on the high roads, trade is carried on under the most unfavourable circumstances. The Customs Department, which was so severely attacked by the National Assembly, and seemed at one time likely to revert entirely into Persian hands, with the inevitable chaotic result, is, however, still under Belgian administration, and complaints have not increased of late.

Silver Imports.

The Imperial Bank of Persia, so ably managed by Mr. J. Rabino since its institution in 1890, still continues to prosper, and to earn substantial profits for its shareholders.

The currency of Persia is silver. The 1 kran piece weighs 71.04 grains of .900 fine. Minting charges are about 5 per cent. and import duty 5 per cent. The import in transit through Russia is now permitted, the cost being about $2\frac{1}{2}$ per cent. inclusive of interest at the rate of 5 per cent. per annum. In 1890, with silver at 5*t*, the rate of exchange was 30 to $32\frac{1}{2}$ krans per £. The subsequent fall to 4*t* enabled the Imperial Bank to import silver for coinage. The demand for coin had increased owing to the development of the Trans-Caspian markets where the coin was required for its intrinsic value. The Russian Government thereupon prohibited the importation of Persian silver. Subsequently the repeal of the Sherman Act by

the United States under the force of currency difficulties caused the closing of the Indian Mints. Silver fell in price, and importations for currency purposes to Persia increased.

In 1896, when silver averaged about 27 pence per ounce, exchange rose to about 56 krans per £, and though the importation into Trans-Caspia was prohibited, a contraband trade was carried on over the frontier. This state of things continues to the present day. Silver krans are exported from Persia in great quantities both north and south, with the result of great scarcity of coin, the only supply being in the Treasury of the Imperial Bank which holds it in reserve against the note issue. Exchange fell during May to very nearly the point at which importations would have been profitable, and the Imperial Bank made arrangements to conclude a contract with the mint for the purpose, but a sudden rise rendered importations impossible for the time.

Cotton and Silk.

The new specific Customs Tariff has greatly increased the production of cotton. Exports via the north of raw material have increased tenfold, and imports of manufactured goods have increased proportionately. In the South Surmeh, and other places surrounding Abadeh, have well established packing stations. Kerman, Bahramabad, and Deh Shotoran are also actively employed. The cotton finds a ready market at Lodz and other Russian manufacturing centres. Russian goods cannot compete with those of England as regards quality; but, in a country like Persia the cheaper though inferior article finds the greater demand. At present the remainder of last year's cotton crop is being bought up at good prices owing to favourable rates ruling in the Russian markets. The new crop will shortly be gathered. A strong demand for ready cash has already set in.

It has been the custom to advance large sums against the silk crop, but this year the system has been abandoned owing to the increased number of firms in the market, and also to the unsettled state of affairs. The silk crop this year is expected to be a record one, and large sums of money will be required. Several hundred thousand pounds will be necessary in the Province of Ghilan within the next two months.

Italian, Greek, French, Armenian, and other firms who formerly dealt solely in silk cocoons, have now started purchasing hides and skins. The business extends to Tehran, Kermanshah, and Hamadan. In the latter two provinces gum tragacanth is also an important item, and is said to be of the best quality procurable in the world.

On the whole, exports are brisk and imports dormant.

Customs Returns.

The following Table is appended for convenience of reference. The figures are taken from M. Naus' report to the Shah of the 3rd February, 1907.

Under the native farmers the estimated Revenue derived by the Imperial Government from the Customs was for the year 1898-1899 ..	£	200,000
<u>Under the Belgian Administration—</u>		
1899-1900	£	281,200
1900-1901	£	340,000
1901-1902	£	401,600
1902-1903	£	415,800
1903-1904	£	607,400
1904-1905	£	521,400
1905-1906	£	510,000

(Signed) G. P. CHURCHILL.

Tehran, June 21, 1907.

Inclosure 2 in No. 43.

Summary of Proceedings of Persian National Assembly, May 21 to June 18, 1907.

Tuesday, May 21.—The Bill introducing reforms in the administration of the Ministry of the Interior was again read. A Tabreez member drew the attention of the House to the action in Azerbaijan of the son of Rahim Khan. The sitting lasted from 4:30 until 7 P.M.

Thursday, May 23.—Two Delegates attended the House to represent the Ministry of War. They were severely cross-questioned on the subject of army administration and various accusations were made against the Department. As the Delegates appeared ignorant of the subjects at issue, they were told that the House did not recognize them as officially representing the Ministry of War and they eventually retired.

While the members debated the questions which had arisen in connection with the proposed additional clauses to the Constitution, the President took his seat. The Minister of Justice and the representative of the Minister of the Interior also entered the House at the same time. Musteshar-ed-Dowleh, a prominent Tabreez Deputy, then made a long statement on the subject of the doings in Azerbaijan of Nasr-ul-Mamalek, son of Rahim Khan, Chelebianloo (Serdar-i-Nosret). Another Tabreez Deputy stated that the people suspect the Government of having ordered Nasr-ul-Mamalek to kill the people and pillage the country in Azerbaijan. He was about to make certain revelations regarding the action of Ikram-es-Sultan, but was restrained by his colleagues. Another Tabreez Deputy declared that the House had obtained a copy of a telegram from Serdar-i-Nosret to his son thanking him for his action. Taki Zadé (Tabreez) made a violent attack on the Government and demanded the immediate arrest of Serdar-i-Nosret and his son. The Government Delegate assured the House that the Minister of the Interior was fully aware of the gravity of the case and was taking measures. As to the Salar-ed-Dowleh, in reply to an interpellation on the subject, he said that the Shah had recalled him to Tehran, but on account of his refusal to obey the Shah's orders a force was being sent to bring him. He said the force would be composed of Bakhtiari, a regiment from Hamadan, and another from Khamseh and Nehavend. He then said he was able to announce to the House that the Kavam-ul-Mulk and Imam Jumeh had already left Shiraz, which had been insisted upon by the Assembly. He delivered to the hands of the President the Bill regulating the procedure to be observed by the provincial Assemblies which, having passed the House, had received the sign manual of the Shah and now became law. The Minister of Justice then proceeded to give an account of the administration of his Department and assured the House that he was doing his best to introduce the reforms which the House and the country required. The House rose a little after 7 P.M.

Saturday, May 25-Sunday, May 26.—News of a very alarming character having been telegraphed from Tabreez regarding the activity of Rahim Khan's son, Buyuk Khan (Nasr-ul-Mamalek), who was reported to be marching on the town at the head of a body of irregulars, great excitement prevailed at the Assembly. It also transpired that a certain Ikram-es-Sultan, one of the Shah's Chamberlains, had incited some evil characters at Tabreez to murder a number of the members of the local Assembly there. This was attributed by the Tabreez Deputies at Tehran to the direct orders of the Shah. The National Assembly was informed by telegraph that 200 persons had been killed by Buyuk Khan's men, but that Ikram-es-Sultan's agents had been captured and one of them had been shot. His Majesty's Consul-General at Tabreez telegraphed confirming the gravity of the situation, though the reports which reached the National Assembly were somewhat exaggerated as to the numbers of killed. The excitement at Tehran during Saturday was intense. The Assembly was the scene of remarkable demonstrations against the Shah and the Government, who were openly denounced. Deputations were sent to the Atabek-i-Azam demanding the instant arrest of Rahim Khan. The Shah, however, was obdurate, and the excitement greatly increased during the day. The National Assembly sat until 11:30 P.M. Seyed Mohammed was present the whole time and Seyed Abdullah, who was absent on account of illness, was forced to attend. As soon as he arrived he burst into tears and cursed Rahim Khan and the enemies of the Assembly.

On Sunday the demonstrations continued. Over 5,000 excited persons thronged the grounds of the Assembly. Speeches were delivered denouncing the Shah. The

pupils of the different schools and colleges marched to the Assembly waving banners and shouting, "Down with autocracy; long live freedom and the Constitution"! It was the eve of the Shah's birthday, and the town was preparing to illuminate as usual. Deputations were sent from the Assembly prohibiting any sign of rejoicing. Even the Imperial Bank of Persia was warned that the people would prevent them from illuminating, and that force would be used if necessary. Deputations were sent to the Atabek-i-Azam, laying the demands of the nation before him. The Shah continued to prevaricate, and announced that he was willing to put Rahim Khan under arrest in the Palace but would not deliver him to the people. The Assembly demanded that Rahim Khan should be delivered to the Minister of Justice to be put in chains.

Eventually on Monday, the 27th, the Shah gave way to this last demand, and the demonstration came to an end. A deputation of fourteen prominent members of the Assembly headed by the President waited on the Shah to thank His Majesty for agreeing to the demands of the people.

Tuesday, May 28.--The President handed in his resignation in consequence of the hostility of his opponent Saad-ed-Dowleh. He was, however, immediately re-elected by a large majority. The situation at Tabreez was again discussed. One of the Tabreez Deputies declared that Rahim Khan had not yet been put in chains and his son had not as yet been arrested.

Wednesday, May 29.--A special sitting was held to discuss the proposed additions to the Constitution with reference to equality before the law irrespective of creed. The principal Mujtaheds as well as a number of minor priests were specially invited. The discussion, which lasted from 4.30 until 9 p.m. did not lead to any satisfactory result. The Clerical party insisted that no law should pass the House without their sanction.

A list was drawn up of the questions outstanding and which the House desired the Government to settle without delay. The list contained twelve items, as follows:-

1. Trial of Assef-ed-Dowleh on charge of complicity in the sale of Persian women to the Turcomans.
2. Removal of Kavam-ul-Mulk from Shiraz.
3. Removal of Haji Agha Mohsin from Sultanabad.
4. Removal of guardian of shrine from Kum.
5. Trial of Serrafs who made a demonstration against M. Naus.
6. Maintenance of order in Tehran.
7. Restoration of order in Zenjan.
8. Prevention of further oppression of people of Talish by Arfa-es-Sultaneh.
9. Quarantine measures to be adopted in the Gulf against plague.
10. Salar-ed-Dowleh's progress to be checked.
11. Rahim Khan to be tried.
12. Rahim Khan's son to be arrested.

The following programme of procedure was adopted:-

1. The Select Committee on Finance to sit from 3 to 9 p.m. on Saturdays, Mondays, and Wednesdays, beginning the 1st June, to deliberate on financial reform with the Minister of Finance or his representative.
2. That the work of completing the additions to the Constitution should be proceeded with forthwith, and that it should be considered to take precedence over all other business.
3. That a Committee should be elected to study the proposed laws governing the procedure of the Ministry of the Interior.
4. That the same Committee should examine the Bill reforming the Ministry of Justice as drawn up by the Minister of Justice.

Thursday, May 30.--The above Resolutions were discussed and passed.

A band of religious students said to be in the pay of Sheikh Fazlullah, one of the leading Mujtaheds, entered the House and endeavoured to create trouble by abusing the National Assembly. A party supporting the Assembly were about to show signs of hostility, but the leaders prevented a disturbance of the peace.

Saturday, June 1.--Some irrelevant remarks were passed on the Salar-ed-Dowleh's action in Luristan by some members, who were called to order by the President. The

Reform of Justice Bill was read for the first time. The Finance Minister attended the first meeting of the Finance Committee.

The Assembly sent a telegram to the Salar-ed-Dowleh urging him to obey the Shah's orders, and telling him that if he came to Tehran the Assembly would be responsible for his safety, but that if he continued to rebel the full responsibility for the consequences would be on his own shoulders.

Sunday, June 2.--When the Deputies had all assembled at 6 p.m. the President said that he had been at the telegraph office communicating direct with the people of Kermanshah, where unprecedented disorders had occurred. In consequence of the action taken by Sheikh Fazlullah in opposition to the Assembly, the matter was referred telegraphically to the great Mujtaheds of Nejef. Their reply was read to the effect that those who are against the National Assembly are "enemies." Sheikh Fazlullah, who was accused of having been bribed by the autocratic party, was denounced by all as a traitor.

Mohtashem-es-Sultaneh, the Government Delegate, then came to the House and produced the Shah's Rescript, of which a translation is attached, which was read and received with cheers. Some of the Tabreez Members remarked privately that although the document was excellently worded they did not believe in its sincerity.

When the House was about to rise, after a second reading of the Reform of Justice Bill, Seyed Mohammed, one of the principal Mujtaheds, remarked very seriously that when the proposed reform is carried out there will be nothing more for the clergy to do.

Tuesday, June 4.--There was no public sitting. The Deputies sat in the President's private room and discussed the situation at Kermanshah and the Salar-ed-Dowleh's attitude. The Government Delegate announced the appointment of Nizam-es-Sultaneh to the post of Governor-General of Fars, and that of Moayed-ed-Dowleh as Governor-General of Ispahan. The Representative of the Ministry of War made a statement regarding the measures taken by the Government against the Salar-ed-Dowleh. He said that Amir Afsham was advancing against Salar-ed-Dowleh from Hamadan with 5,000 men, mostly mounted, and that Mirza Abul Kassem Khan, Governor of Malayer was making preparations for defence; he further stated that a battery of six field and mountain guns was being prepared at Tehran, and would be sent as soon as possible. The Minister of Finance attended the Select Committee on Finance.

Thursday, June 6.--Two letters from Salar-ed-Dowleh to his friends in Luristan, which had been intercepted, were read. The letters were to the effect that the Salar-ed-Dowleh had been invited by the Tehran National Assembly and by the Mujtaheds, Seyyed Abdullah and Seyyed Mohammed, to come to Tehran, and that a large sum of money had been offered to him by the Assembly. The House decided to circulate notices denying this statement. A telegram to the Salar-ed-Dowleh from the Assembly was read, stating that if he did not immediately obey the orders of the Shah and cease from his present rebellious action the Assembly would take steps against him. Seyyed Mohammed wished to add to the telegram that the clergy would furthermore give orders for a "jehad" (holy war) to be waged against him. The Kermanshah situation was again discussed, and it was decided that the House should demand the recall from that place of certain persons who were accused of complicity.

Saturday, June 8.--The House telegraphed to the inhabitants of Malayir, Nehavend, and Burujird to prepare to defend themselves against Salar-ed-Dowleh, who would be severely punished for advancing on those places with his Luristan supporters. The telegram added that a force of troops was ready at Tehran to advance against Salar-ed-Dowleh and to punish him.

Several letters were written on behalf of the House to the various Ministers on different subjects. One of these letters asked for a complete list of the Royal household expenses, and the words "liste civile" were actually used. Other letters referred to financial questions in connection with the proposed reforms in taxation and the payment of salaries and pensions.

The Government Delegate, who was present at the sitting, discussed with the Deputies the disturbed condition of the provinces, and after two hours' discussion it was decided to convene an extraordinary meeting at which the Deputies, the clergy, and the Shah's Ministers and Court officials should consult as to the best means of putting an end to the unsatisfactory state of affairs. During the discussions the following matters were repeatedly referred to:-

1. Kavam-ul-Mulk's delay in leaving Shiraz.
2. Disturbances at Maku, where several people have been killed.
3. Activity of Haji Agha Mohsin, of Sultanabad.
4. Salar-ed-Dowleh's conspiracy with Agha Mohammed Mehdi at Kermanshah.

In connection with the latter question a telegram was read from the Governor of Kermanshah transmitting a copy of Salar-ed-Dowleh's letter to Agha Mohammed Mehdi, who was then in sanctuary at the British Consulate. The letter had been delivered by mistake to the British Consul, who had communicated it to the authorities. A copy of a telegram from the British Consul at Kermanshah to the British Legation and a copy of a letter from the British Legation to the Persian Foreign Office on the same subject was read.

Haji Muin-et-Tujjar strongly urged the House to adjourn for the summer recess, but was unanimously opposed. Haji Sheikhi-ur-Reis (not a member) furiously attacked Haji Muin-et-Tujjar, and accused him of having ulterior motives directed against the interests of the Assembly in making such a proposal.

Sunday, June 9.—A Committee of six members was elected to be present at the trial of Rahim Khan. Another Committee was elected to attend the inquiry into the charges brought against Assef-ed-Dowleh, late Governor-General of Khorassan, on a charge of complicity in the sale of women to the Turkomans. An hour was then spent deliberating as to whether the regulations for the local Assemblies should be sent to the provinces by their respective members or by the Ministry of the Interior, but no decision was arrived at.

Sunday, June 10.—An extraordinary meeting was held, at which the Atabek-i-Azam and nearly all the Ministers, as well as the Mujtcheds, were present to discuss with the Deputies the best means of maintaining order in the provinces. After the President had announced the object of the meeting, and the Minister of the Interior ("Atabek-i-Izam") had expressed his approval, speeches were made by various Deputies. Taki Zade (Tabreez), who has shown considerable courage and ability, and is recognized as the best speaker in the House, delivered a lengthy address. He began by laying the blame for the disorders which had occurred in the provinces on the Ministers, to whom he appealed to avoid intrigues. He said three things were absolutely necessary:—

1. The maintenance of order, for which the Executive was responsible.
2. Reform of the Ministry of War.
3. Reform of Finance.

He heaped abuses upon the War Department, which he described as a disgrace to the Government. He advocated the disbanding of the present Persian army, for which the Government paid 5,000,000 tomans a-year, and when a battery of six guns was required in one of the provinces it could not be sent. He maintained that, if the Ministry of War was reformed, the finances would greatly benefit. The Atabek-i-Azam, whose return to Persia was energetically opposed by Taki Zade, listened attentively to his speech, and in reply said he agreed with Taki Zade; the Minister of War and other Ministers were doing their best to institute reforms in their Departments. Mukhiber-es-Sultaneh made a statement to the effect that the main difficulty was the want of money, which was felt in every Department. Taki Zade said that 300,000 or 40,000 tomans had been paid to the Minister of War during the present year, and asked where the money had gone to. Subsequently the question of a loan was referred to, and several members declared that a foreign loan was impossible, and that they would oppose it to their utmost. The Atabek-i-Azam expressed his opinion that money was really very much needed, but that he would not approve of a foreign loan any more than the Assembly. He stated that he had taken an oath when on pilgrimage at Mecca never again to be a party to a Persian foreign loan. He urged the people to subscribe to the National Bank and raise the money internally.

The meeting, which was not attended by the public, came to an end at 7.20 p.m.

Tuesday, June 11.—The additions to the Constitution were read and one of the Articles regarding equality before the law was discussed. A clause of this Article ran as follows:—

"Foreign subjects residing in Persia will be in safety both in person and property."

Seyyed Abdullah proposed the following addition:—

"Unless there should be a legal exception."

Considerable opposition was shown by some of the members to the proposal of the clergy that five of their number should be elected to permanently superintend the business of the Assembly. Taki Zade, who strongly opposed the motion, made a speech which lasted over half an-hour. The matter was left in suspense.

The Assembly have written a letter to the Minister of the Interior asking him to arrange with the Russian and English Banks, through the Ministers of Finance and Foreign Affairs, that the sinking fund on their loans should not be paid for two years, during which time financial reform would be carried on.

The House has asked for the Minister of War's Budget to be sent without delay. The Finance Committee continued to deliberate.

Thursday, June 13.—A good deal of time was spent discussing the best means of sending the regulations for the Provincial Assemblies to the provinces. Some of the Deputies proposed that deputations of members of the Assembly should be sent to the provinces with the regulations to superintend the establishment of Provincial Councils in accordance therewith, but it was eventually decided that the Minister of the Interior should deal with the matter. The two principal Mujtcheds were present at the sitting as usual. Seyyed Abdullah handed the President a telegram from the Chief Mujtcheds, of Nejef, in support of the Tabreez Mujtched who had been expelled.

The Constitution was again discussed and the Article concerning the security of foreign subjects was again read after having been recast. Another Article was then read relating to the representation of the clergy in the Assembly. The proposal was that twenty Mollahs should be nominated by the Mujtcheds, from whom five should be elected as Members of the House to place at its disposal their knowledge of Islamic law when occasion should arise. The two Mujtcheds left the House after the clause was read in order that the members should discuss it at leisure. An hour was spent debating this point and no decision was arrived at.

Saturday, June 15.—The Constitution was again under discussion. The Mujtched, Seyyed Mohammed, speaking on the subject of clerical representation, angrily asserted that the Assembly would not be allowed to exist unless the proposed five clerical representatives were admitted. He stated that they must have full power to reject any Acts passed by the House which they might deem to be contrary to Islamic law. The clause was eventually voted for with the result that fifty-eight voted for, three against, and twenty-seven abstained from voting. The clause was therefore carried.

Sunday, June 16.—The Government Delegate attended the sitting, and informed the House that the police of Tehran had taken sanctuary at the house of the Sepahdar in order to press their claim of arrears of pay. He said that 36,000 tomans was necessary to settle their claims, that the Atabek-i-Azam had made them various promises, and he proposed that a member of the House should be deputed to reassure them. This was, however, refused. A petition from the Zoroastrian community was read, and it was decided to write to them, in reply, that they had equal political rights with Moslems. The Committee of Investigation, regarding the sub-lease of the Astara-Ardebil road by the Malek-et-Tujjar to a Russian subject, sent in their report which declared that the transaction was irregular, and therefore null and void. The decision of the Committee has not yet been confirmed by the House as the President of the Committee declared that he was not in agreement with it.

Tuesday, June 18.—After considerable debate on the subject, the House agreed to the dispatch of a telegram to all the provinces relating to the collection of taxes. The provincial Governors are directed to supply returns of taxation with full particulars. Receipts are to be given for all taxes levied, and a duplicate of the receipt is to be sent to the Ministry of Finance.

The Government Delegate submitted telegrams announcing the escape of Salar-ed-Dowleh and the desire of Nazar Ali Khan, who commanded the Lurs under the Salar, to surrender. He informed the House that the Government had decided to send Zahir-ed-Dowleh, the present Governor of Hamadan, to Kermanshah to make a report into the recent events there. He concluded by announcing that the differences which had arisen between the Bakhtiari Khans had now been composed, and that the tribe would be under the chieftaincy of Samsam-es-Sultaneh and Shahab-es-Sultaneh as before.

Various domestic questions were then discussed, and the House rose at 8 p.m.

General Remarks.

The news of the dissolution of the Duma is being commented upon mischievously and seems to have caused considerable sensation.

A feeling of depression is noticeable in the Assembly, and intrigues among the members are not wanting. The hot weather is beginning to tell; the members drop in irregularly between 5 and 6 p.m., and there are many absentees. A good deal more is done by the different Committees at work than appears from a perusal of an account of the debates in the House.

(Signed) G. P. CHURCHILL.

Inclosure 3 in No. 43.

Mohammed Ali Shah's Rescript, presented to the Assembly by Mohtashem-es-Sultaneh, Representative of the Ministry of the Interior, Sunday, June 2, 1907.

(Translation.)

His Highness the Atabek-i-Azam,

IT was necessary that, in answer to the sincere congratulations of the National Assembly on behalf of our trusted nation, we should express our Imperial gracious good-will towards the respected Assembly and the people in general, and to give notice to the public of our complete satisfaction at the progress of the good intentions and sacred projects of the Sovereign and nation. God be praised the initial difficulties which always accompany every great work have been satisfactorily surmounted. Today the Government and nation, with one mind and one purpose, are occupied in introducing reforms, and day by day the appurtenances of this union between State and nation come into being. By the will of God, and the protection of the twelfth Imam, at no distant date satisfactory results in the organization of Government Departments, the security of the different parts of the kingdom, and the improvement of the condition of the people, will be brought about. Until now the Government was alone in the attempt to carry on affairs—in reality the kingdom had only one hand—now that the nation and Government are at work in unison, the State has two strong arms, and it is evident that one hand cannot do the work of two, whereas now affairs will be carried on in a different manner. Of course the Ministers and the Deputies will be occupied in serving the Government and nation with the utmost hope and enthusiasm, and will carry out their duties. We, on our side, in judging the nation's rights, the members of which are our beloved children, will not for an instant depart from our duty as their father, which is incumbent upon us.

Let this, our Imperial rescript, be known to the public through the chief priests and the National Assembly, in order that the nation and Assembly should be hopeful of the Imperial gracious good-will and perform their duty by offering prayers.

(In the Shah's handwriting) : It is correct.

Inclosure 4 in No. 43.

First Law passed by the National Assembly and Ratified by the Shah.

THE National Assembly, in order to balance revenue and expenditure and to regulate the Budget for the year 1907-1908, makes the following proposals to the Imperial Ministers, for the present, having decided upon the same by a majority of votes. The Ministry of the Interior will submit the following reforms to His Imperial Majesty the Shah, and after receiving His Majesty's approval, they will communicate to the Ministry of Finance to be put into force during the present year 1907-1908.

The Ministry of Finance must obtain a correct statement of all the "differences of account" and over-taxation which is levied every year in the provinces by the Governors and revenue officers in excess of the stipulated taxes, and part of which, in the form of "difference of account" and "pishkesh" (gift) was paid into the Government Treasury. This difference must be taken into account in the present year's Budget, and a statement of the expenses of each Government must be drawn up and sent to the Assembly, and which, after the approval of the Assembly, will be included in the expenditure.

1. The Ministry of Finance must obtain a firm undertaking from those persons who officially supply the above statements, and in case these statements are proved to be incorrect by the Ministry's Inspectors or others, they will be liable to severe punishment, of which the first legal degree will be the loss of all rank and office, and the loss of Government pay. In future years, when by degrees the result of a scientific inspection is apparent, the "difference of account" system will be completely abolished.

2. All Government grain, which in previous transactions was converted and turned into cash, including grain already converted in the total, or after assessment or included in the expenditure or against sums due in cash to persons, whether from Crown lands or freehold property, must this year be delivered in actual kind, and the conversion of Government revenue must be entirely abolished, and those who have to pay taxes in kind must hand over the tax in kind to the Government receivers. The Ministry of Finance must supply a correct statement of all the taxes received in kind to the Assembly as soon as possible, and also a statement showing how much is due to the Government on account of conversions.

3. All fiefs, whether Crown or freehold, must from this year, 1907-1908, revert without exception. Owners of land and those owning Crown lands must actually pay their taxes in cash and in kind to the Government receivers. Their claims on the Government will be encashed in instalments from the State.

4. The difference of assessment of Khorassan, which in the previous years, 1905-1906 and 1906-1907, had been decided upon, but has not yet been entered in the Khorassan instructions, must be entered in its entirety in the instructions for Khorassan for the present year 1907-1908, and from this source not a "dinar" must be paid to any one in the form of salary.

Note.—"Tafavut-i-Amel," or difference of account, refers to the difference between the taxes as appearing in the Government registers in accordance with an assessment now long out of date, and a higher rate of taxation now authorized by the Government. An even higher rate is now levied, which is supposed to be allowed for by the "pishkesh," or gift from the provincial Governor to the Shah. In practice, however, the actual return of taxation in most provinces amply covers (1) registered taxation, (2) "tafavut-i-amel," (3) "pishkesh," and (4) a substantial profit for the Governor.—G. P. C.

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No. 44.

Sir A. Nicolson to Sir Edward Grey.—(Received July 8.)
(No. 347.)

Sir,

I HAVE the honour to transmit herewith copy of an *aide-mémoire* which I received yesterday from M. Isvolsky in reply to the Memorandum which I communicated to his Excellency on the 24th instant, a copy of which I forwarded in my despatch No. 342, Confidential, of that date.

In my telegram No. 109 of yesterday's date I communicated to you the text of that portion of the *aide-mémoire* which refers to the insertion of a passage in the preamble of the Convention concerning Persia relative to the special interests of Great Britain in the maintenance of the *status quo* in the Persian Gulf.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 44.

Memorandum communicated by M. Isvolsky to Sir A. Nicolson.

LE Ministère Impérial des Affaires Etrangères, ayant pris connaissance de l'aide-mémoire de l'Ambassade Britannique du 10 (23) Juin, sur les affaires de Perse, a l'honneur d'exposer ce qui suit.

Le Ministère Impérial est tout prêt à adhérer à la proposition de maintenir dans

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le préambule de la Convention le passage se rapportant au commerce des autres Puissances avec la modification projetée.

Quant à la proposition du Cabinet de Londres de mentionner dans le préambule de la Convention l'intérêt spécial de l'Angleterre au maintien du *status quo* dans le Golfe Persique, cette proposition, prolixe à un moment où les négociations semblaient aboutir, donne matière à de sérieuses objections. Elle est de nature à changer complètement le caractère et l'étendue de l'Accord projeté, lequel, dans sa partie résultative, ne touche pas du tout au Golfe Persique dont jusqu'ici il n'a jamais été question dans les pourparlers entre la Russie et l'Angleterre. Une clause nouvelle, relative à une question politique dont l'importance ne saurait être méconnue et qui touche à des intérêts si complexes, rouvrirait la discussion et pourrait retarder la signature non seulement de la Convention sur les affaires Persanes, mais aussi celle des actes se rapportant à toutes les autres questions négociées. Il ne faut pas perdre de vue qu'en dehors de la Perse il y a la Turquie, à laquelle appartient plus de la moitié du littoral du Golfe et qui doit se considérer comme directement intéressée dans la question ; il y a également d'autres Puissances qui à coup sûr se croiraient lésées si un Accord se faisait à leur insu. Il est très important d'éviter tout ce qui pourrait provoquer contre l'Accord entre la Russie et l'Angleterre les objections de tierces Puissances. Il est incontestable que, dans sa forme actuelle, cet Accord ne touche à aucun intérêt collatéral et ne saurait, dès lors, donner lieu à aucune protestation tant soit peu fondée ; or, la clause proposée par le Cabinet de Londres ne manquera pas de susciter des froissements et peut devenir la cause d'un incident dans le genre de celui qui a suivi l'Accord Anglo-Français au sujet du Maroc.

Toutes ces raisons portent le Ministère Impérial des Affaires Etrangères à prier instamment le Cabinet de Londres de vouloir bien renoncer à sa proposition de mentionner dans le préambule ses intérêts spéciaux dans le Golfe Persique. Il est bien entendu, d'ailleurs, qu'en formulant cette prière, le Cabinet Impérial n'entend pas du tout nier ces intérêts ni exclure la possibilité d'examiner plus tard et à une autre occasion avec le Cabinet de Londres la question du Golfe Persique.

En ce qui regarde le tracé de la ligne de délimitation de la sphère Russe, indiqué dans l'aidé-mémoire de l'Ambassade, le Ministère Impérial se propose de revenir sur cette question dans une communication subséquente.

Saint-Pétersbourg, le 14 (27) Juin, 1907.

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No. 45.

Sir A. Nicolson to Sir Edward Grey. (Received July 8.)

(No. 352.)
Sir,

St. Petersburg, June 30, 1907.

I CALLED on M. Isvolsky by appointment yesterday afternoon and told him that I had communicated to you the objections which he had raised on the occasion of my interview with him on the 24th instant in regard to the insertion in the preamble of the draft Convention regarding Persia of a passage relative to the special interests of Great Britain in the maintenance of the *status quo* in the Persian Gulf. I explained to his Excellency that the passage in question in no wise bound Russia to take any action or laid any obligations upon her, nor did it do more at the utmost than insure her neutrality supposing that Great Britain and any other Power had any discussions or differences in respect to the Persian Gulf. Moreover, the passage was but the declaration of an incontrovertible fact, and amounted simply to a statement that Great Britain had especial interest in no disturbance of her present position occurring in the Gulf. I could not see why there should be a difficulty on the part of the Russian Government to accept our proposal. Moreover, I wished to tell him quite frankly that there was a considerable section of public opinion in England who would regard a draft Convention with Persia which made no mention of British interests in the Persian Gulf as a defective Convention, and a general acceptance of the Agreement would be diminished—and this would be unfortunate.

M. Isvolsky said that he was well aware that Russia would not bind herself to take any action by subscribing to the preamble if amplified according to our wish ; but that was not the point which rendered him averse to introducing the passage in question. I had intimated that the fact that Great Britain had a special interest in maintaining the *status quo* was an undoubted fact, but was it generally recognized ? And what was precisely meant by the *status quo*? I repeated to him the substance

of Lord Lansdowne's declaration in 1903 and also your views as communicated in your telegram No. 93 of the 27th instant.

His Excellency said that all this might be called in question by other Powers—Turkey or Germany, for instance. His main objection, however, was, as he had explained to me on Monday last and as he had repeated in his *aide-mémoire* of the 27th instant, that we proposed at the last moment to insert a clause which removed the Convention from the perfectly unassailable ground on which it had hitherto stood on to debatable territory. The Convention as drawn up gave no justification nor any excuse for any other nation to have a voice in the matter ; it was, as I had said, a self-denying instrument between Russia and England, and it touched on no interests other than those of our two countries. The Convention, in short, was on a "terrain inattaquable," but now we wished to refer to regions where other Powers had interests, some secular, others perhaps prospective, and we wished to affirm in a Convention with Russia, and to which she should subscribe, that we had a special interest in maintaining the existing state of things. Did Turkey, in regard to Koweit, for instance, recognize British special interests in the Gulf embodied in an instrument which she had been assured dealt only with matters affecting British and Russian interests or their respective frontiers ? We should be exposing our Agreement to objections and complaints which we did not know what other consequences, and we should be leaving the safe line we had hitherto followed. He begged us not to insist on the clause or to make any mention of the Persian Gulf in the Agreement. If we insisted he would have to reconsider with others the whole of the arrangement, and great delay at least would ensue.

I told his Excellency that we had no wish to be irreconcilable, and I went over again some of our arguments, while he maintained his point of view ; and at length I said that in these circumstances my Government would be prepared to waive the request for the insertion of the clause, but that, if the Agreement were attacked in Parliament, as it was pretty sure to be, on the point that we had been discussing, you would have to make a statement on the subject, and that we would reaffirm the declaration of Lord Lansdowne in 1903, and explain that, as the Convention was chiefly concerned with the regions of Persia adjoining the respective frontiers, and was in the nature of a self-denying Act, it was not considered appropriate to introduce into it a declaration respecting special interests in the Persian Gulf, which might be regarded as concerning other Powers, but that there was no reason to suppose that the maintenance of the *status quo* in the Persian Gulf would give rise to difficulties between the two Governments.

His Excellency said that he saw no objection to that, and asked if I could give it to him in writing. I said that I was hardly prepared to do so, as it was a mere sketch of the general sense of a statement to be made hereafter ; but that possibly I might be able to let him have later the substance of it in a private letter.

I feel quite confident that I should not have been able to move M. Isvolsky from his standpoint ; and I am equally confident that a persistence on our part on the insertion of the clause would have in the first place suspended a continuance of the negotiations for a long period, and in the second place would have very possibly endangered their ultimate success. I had no hope of inducing M. Isvolsky to modify his attitude on this special question ; and I had at one time thought that it would really have been preferable if at my interview yesterday I had not made a fresh effort to do so, but had spontaneously waived the point and thereby hastened and facilitated negotiations on other questions. But on further consideration, and in view of your instructions and of the great importance which His Majesty's Government attach to the matter, I felt that I was bound to make one more effort which I regret to say was unsuccessful.

I have, &c.
(Signed) A. NICOLSON.

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No. 46.

Sir A. Nicolson to Sir Edward Grey.—(Received July 8.)

(No. 354.)
Sir,

St. Petersburg, July 1, 1907.

I HAVE the honour to state that your telegram No. 94 of the 29th ultimo arrived here subsequent to my interview with M. Isvolsky on that day, and although

I had told his Excellency that His Majesty's Government would not, in view of his strong objections, insist on mention being made in the preamble as to the *status quo* in the Persian Gulf, it seemed to me that nevertheless I should communicate to him the amendment proposed in your above-mentioned telegram and endeavour to secure his adherence to the views of His Majesty's Government in their modified form. I therefore addressed a private letter to his Excellency, of which I beg leave to transmit a copy. I endeavoured in my communication to explain the character of the clause as amended, and to indicate that its acceptance should occasion no difficulties. If I find that his Excellency still maintains his objections, I consider that it would be better to drop the question, as a continued persistent pressure would, I am convinced, serve no useful purpose, and might indeed create serious difficulties.

You were good enough to inform me in your telegram under acknowledgment that it was possible that the French Ambassador here might be instructed to intervene with the Russian Government in support of our request. I would respectfully beg leave to submit that the interposition of a third Power might give cause to complications. At the outset of my deliberations it was agreed that the discussions should be conducted in confidence (see my despatch No. 333 of the 29th May, 1906), and I have no reason for believing that M. Isvolsky has not loyally observed this undertaking. On the British side, beyond some very natural and general indications to the Japanese and French Representatives as to the progress of the negotiations, the details have not been divulged, and the discussions have remained the exclusive property of the two Governments. If at this moment M. Isvolsky were to learn that France had been requested to support a proposal from our side, I am afraid that he might consider that he was consequently at liberty to take counsel with and impart his confidences to other Powers, and there is no doubt that in that case he would communicate with Germany, whose interests in regard to the point at issue he considers to be important. It seems to me most undesirable that inter-communication on the subject of the Persian Convention should take place between the Cabinets of St. Petersburg and Berlin, and I would respectfully urge that no occasion be afforded for their initiation. M. Bompart has said nothing to me on the subject, and I feel confident that he would first speak to me before taking action. Were he to inform me that he was prepared to move, I would beg him to defer doing so until I had had an opportunity of communicating with you.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 46.

Sir A. Nicolson to M. Isvolsky.

Mon cher Ministre,

J'AI reçu hier soir un télégramme de Sir E. Grey proposant une nouvelle rédaction de la phrase concernant le Golfe Persique que je m'empresse de vous communiquer. Mon Gouvernement propose d'insérer dans le préambule simplement les mots "Great Britain has special interests in the Persian Gulf." Je vous ai annoncé hier que, par déférence à vos objections, nous renoncions à notre désir d'insérer la phrase concernant le maintien du *statu quo*, mais j'espère que les mots que je vous communique par la présente ne soulèveront pas d'objections de votre part. Ils constatent seulement un fait incontestable que personne ne peut nier. Ils ne peuvent exposer notre Convention à aucun des dangers que vous avez indiqués au sujet du maintien du *statu quo* et ils n'engagent la Russie à absolument rien. La phrase telle que je la propose laisse notre Convention sur un terrain inattaquable, et la Puissance la plus susceptible n'y pourrait rien trouver à redire ou qui pourrait la justifier à formuler des plaintes après en avoir pris connaissance. Du reste, comme je me suis déjà permis de vous expliquer, il y a beaucoup de monde en Angleterre qui seront d'avis qu'une Convention au sujet de la Perse qui ne fait aucune mention des intérêts Britanniques dans le Golfe Persique serait une Convention défectueuse; et l'accueil favorable de l'Accord en Angleterre, qui est tant à désirer, serait sensiblement affaibli parmi certains cercles politiques.

Je vous prie, donc, mon cher Ministre, de vouloir bien accorder un accueil favorable à la proposition que je vous communique et que je vous recommande chaleureusement; et j'espère que sous très peu nous mènerons à bonne et heureuse fin toutes nos négociations.

Veuillez, &c.
(Signed) A. NICOLSON.

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No. 47.

Sir A. Nicolson to Sir Edward Grey.—(Received July 8.)
(No. 359.)

Sir,
St. Petersburg, July 3, 1907.

WITH reference to my despatch No. 354 of the 1st instant, I have the honour to transmit herewith copy of a letter which I received this morning from M. Isvolsky, and the substance of which I telegraphed to you in my telegram No. 118 of to-day's date, regarding the question of British interests in the Persian Gulf.

I see no prospects of being able to overcome the objections of M. Isvolsky to any mention being made in the Convention of those special interests; and I must frankly state my conviction that a persistence in our request will have the effect of blocking for some time the progress of our negotiations, and, unless we withdraw our proposal, of finally leading to a deadlock.

M. Isvolsky referred to the question this afternoon, and reiterated the arguments which he had previously put forward. The only remark which I made was in reply to his statement that the Persian Gulf was not solely in Persian territorial waters, and I said that we might perhaps define the portion of the gulf which bathed the coasts of Persia, and which consequently came within the purview of the Convention. He said that this would be impossible to effect, and would not remove his objections; and I therefore abstained from continuing the conversation, and said that I had referred the matter to my Government, and must await their reply.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 47.

M. Isvolsky to Sir A. Nicolson.

Mon cher Ambassadeur,

Saint-Pétersbourg, le 19 Juin (2 Juillet), 1907.

DANS votre lettre du 17 (30) Juin, année courante, vous me communiquez une nouvelle rédaction de la phrase sur le Golfe Persique, que Sir E. Grey voudrait voir insérée dans la Convention à conclure. Au lieu de parler du maintien du *statu quo* dans le Golfe Persique, comme il le proposait avant, le Ministre des Affaires Étrangères de la Grande-Bretagne voudrait qu'il fût fait simplement mention des intérêts spéciaux que l'Angleterre possède dans ce Golfe.

C'est avec le plus sincère désir de parvenir à un accord sur ce point que je me suis mis à l'étude de la nouvelle proposition, mais je dois constater avec regret que les doutes auxquels, selon mon opinion, donnait lieu la clause relative au Golfe Persique dans la rédaction précédente et qui se trouvent exposés dans l'aide-mémoire Russe du 14 Juin, ne me semblent pas dissipés.

Bien que la nouvelle rédaction tienne compte dans une plus large mesure des intérêts de tierces Puissances, elle n'écarte pas notre principale objection, celle qui a trait à l'introduction dans notre Accord relatif à la Perse d'un élément complètement nouveau et étranger à son but primitif. En effet, le Golfe Persique, dans son entier, ne peut pas être considéré comme une partie intégrante, ni encore moins comme une dépendance de la Perse; les questions s'y rattachant sont d'un ordre complexe et touchent à des intérêts fort divers; il serait donc difficile de les faire entrer dans le cadre de la Convention projetée. Je n'hésite pas à répéter qu'en formulant cette objection, nous n'entendons nullement méconnaître la position acquise par l'Angleterre dans le Golfe Persique et que nous ne verrons aucun inconvénient à entrer plus tard, si l'occasion s'en présente, dans un échange de vues à ce sujet avec le Cabinet de Londres. Mais sincèrement désireux d'arriver aussi vite que possible à une entente définitive sur les points qui font l'objet de nos pourparlers actuels, je ne puis que m'adresser encore une fois au Gouvernement Britannique avec la prière de bien vouloir renoncer à sa proposition de mentionner dans le préambule de la susdite Convention ses intérêts spéciaux dans le Golfe Persique.

Votre sincèrement dévoué,
(Signed) ISVOLSKY.

[22425]

No. 48.

Sir A. Nicolson to Sir Edward Grey.—(Received July 8.)

(No. 360.)

Sir,

M. ISVOLSKY gave me this afternoon an *aidr-mémoire* in regard to the drafting of Article V of the Persian Convention of which I have the honour to transmit a copy, and told me that he found some difficulty in translating into French the words "the means of giving effect to," and he thought that the wording which he suggested would meet our views and be quite clear.

I should be obliged if you would kindly inform me whether you concur in the terms of the Article as drafted by M. Isvolsky.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 48.

Memorandum communicated by M. Isvolsky to Sir A. Nicolson.

LE Gouvernement Impérial de Russie considère les quelques changements que le Cabinet de Londres propose d'introduire dans le texte de l'Article V de la Convention sur les affaires de Perse comme parfaitement acceptables, et ne verrait aucun inconvenient à y donner son adhésion. Il préférerait seulement de voir, pour des motifs de rédaction, les mots "the means of giving effect" exclus du projet; leur absence ne modifiera, semble-t-il, en rien le contenu de l'Article et n'en rendra que plus claire et exempte de toute ambiguïté la rédaction Française.

Si le Gouvernement de la Grande-Bretagne voulait bien partager ces considérations, le texte définitif de l'Article en question serait donc le suivant:—

"En cas d'irrégularités dans l'amortissement ou le paiement des intérêts des emprunts Persans conclus à la Banque d'Escompte et des Prêts de Perse et à la Banque Impériale de Perse jusqu'à la date de la signature du présent Arrangement, et si la nécessité se présente pour la Russie d'instituer un contrôle sur les sources de revenus garantissant le service régulier des emprunts conclus à la première desdites banques et situées dans la région mentionnée dans l'Article II de la présente Convention, ou pour la Grande-Bretagne d'instituer un contrôle sur les sources de revenus garantissant le service régulier des emprunts conclus à la seconde desdites Banques et situées dans la région mentionnée dans l'Article I de la présente Convention, les Gouvernements Anglais et Russe s'engagent à entrer préalablement dans un échange d'idées amical en vue de déterminer d'un commun accord les mesures de contrôle en question et d'éviter toute ingérence qui ne serait pas conforme aux principes servant de base à la présente Convention."

Saint-Pétersbourg, le 20 Juin (3 Juillet), 1907.

[22645]

No. 49.

Sir A. Nicolson to Sir Edward Grey.—(Received July 8.)

(No. 123.)

(Telegraphic.) P.

PERSIAN Convention.

Russian Government propose that their line should be traced from Kakh through Khaf and Turbat-i-Sheikh Jam to a point where the three frontiers intersect one another; Kiarez and Kuh Benitak will be outside of the line. Russian Government hope this conciliatory spirit will be appreciated by His Majesty's Government.

I await expression of your views on this proposal before communicating to M. Isvolsky the substance of your telegrams Nos. 99 and 100 of the 5th instant in regard to the other points of the Persian Convention.

[22527]

No. 50.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)

(No. 171.)

(Telegraphic.) P.

Tehran, July 8, 1907.

DIRECTOR of Customs has informed Belgian Chargé d'Affaires that payment in full has been made of the Russian coupon. There are in hand some 10,000 tomans.

This result, says Director of Imperial Bank, is in part due to payments out of revenue of southern customs.

Russian occupation of ports will not now take place. This is the immediate result.

(Addressed to Foreign Office; sent to India.)

[22587]

No. 51.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 8.)

(No. 172.)

(Telegraphic.) P.

Tehran, July 8, 1907.

ANTI-POPULAR movement dangerous to order, and, headed by a high priest, is generally supposed to be subsidized by Shah.

When I presented King's letters forwarded in your despatch No. 5, Treaty, of the 22nd May on Saturday, I represented seriously to His Majesty the personal danger to which he would be exposed by such a popular belief, and that understanding with Assembly was necessary. Similar language held yesterday by Russian Minister.

[22344]

No. 52.

Sir Edward Grey to Sir A. Nicolson.

(No. 102.)

(Telegraphic.) P.

ANGLO-RUSSIAN negotiations.

Your telegram No. 122.

Conclusion of Convention before rising of Parliament is not essential, and declaration as to Persian Gulf would probably in any case best be contained in a despatch from me to you or from you to me, which would be published with the Conventions. There need be no pressure from our side which is inconvenient to M. Isvolsky, so long as you are satisfied there is no procrastination on his part. But I am anxious to meet his wish to conclude the negotiations soon.

[22752]

No. 53.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 9.)

(No. 173.)

(Telegraphic.) P.

Tehran, July 9, 1907.

LABAREE murder. Punitive expedition against Kurds being prepared by Persian Government. Steps at Constantinople requested by American missionaries, who fear Turkish intervention. Chargé d'Affaires of United States' Legation is without cypher.

[22753]

No. 54.

Sir Edward Grey to Sir N. O'Conor.

(No. 72.)

(Telegraphic.) P.

Foreign Office, July 10, 1907.

PUNITIVE expedition against the Kurds.

You should communicate substance of Sir C. Spring-Rice's telegram No. 173 to your American and Russian colleagues. If the American Minister makes a represen-

tation to the Porte, you might, if you think such a course advisable, suggest that he should point out to the Porte that the Persian Government are justified in punishing Kurds for the murder of the missionary, and that we supported American Minister's representation on the subject to the Persian Government.

[22425]

No. 55.

Sir Edward Grey to Sir A. Nicolson.

(No. 260.)

Sir,

I HAVE received your Excellency's despatch No. 360 of the 5th instant, inclosing an *aide-mémoire* by M. Isvolsky relative to the wording of Article V of the Persian Convention.

I have to inform you that His Majesty's Government have no objection to the omission of the words "the means of giving effect to," and that they concur in the terms of the Article as drafted by M. Isvolsky.

I am, &c.
(Signed) E. GREY.

[22162]

No. 56.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 116.)

Sir,

WITH reference to your telegram No. 86 of the 17th April last, relative to the renewal of the contracts of the Indo-European Telegraph Department in Persia, I transmit herewith a copy of a letter from the India Office,* advocating the surrender of the right to compensation for wilful damage to the telegraph line.

I entirely concur in the views expressed by Mr. Kirk in his Memorandum, and when the time comes to discuss with the Persian Government the renewal of the contracts you are authorized to make a communication to them in the sense suggested by Mr. Morley.

I am, &c.
(Signed) E. GREY.

[22425]

No. 57.

Foreign Office to India Office.

(Confidential.)

Sir,

WITH reference to your letter of the 3rd ultimo on the subject of the proposed Anglo-Russian Convention respecting Persia, I am directed by Secretary Sir E. Grey to transmit herewith, for the information of Mr. Secretary Morley, copy of a despatch from His Majesty's Ambassador at St. Petersburg,† inclosing an *aide-mémoire* by M. Isvolsky relative to the wording of Article V.

I am to state that Sir E. Grey has informed Sir A. Nicolson that His Majesty's Government have no objection to the omission of the words "the means of giving effect to," and that they concur in the terms of the Article as drafted by M. Isvolsky.

I am, &c.
(Signed) LOUIS MALLET.

[22162]

No. 58.

Foreign Office to India Office.

(Confidential.)

Sir,

I LAID before Secretary Sir E. Grey your letter of the 4th instant relative to the renewal of the contracts of the Indo-European Telegraph Department in Persia.

* No. 16.

† No. 48.

I am directed to inform you in reply that Sir E. Grey entirely concurs in the views expressed by Mr. Kirk as to the desirability of abandoning the right of obtaining compensation for wilful damage to the telegraph line, and that instructions will be sent to His Majesty's Minister at Tehran in the sense suggested by Mr. Morley.

I am, &c.
(Signed) F. A. CAMPBELL.

[22365]

No. 59.

Foreign Office to India Office.

(Confidential.)

Sir,

WITH reference to India Office letter of the 5th instant, I am directed by Secretary Sir E. Grey to transmit herewith, to be laid before Mr. Secretary Morley, copy of a further telegram from His Majesty's Minister at Tehran respecting the proposed construction of a telegraph line from Robat to Seistan.*

Sir E. Grey is of opinion that it would be advisable not to take any steps towards obtaining the withdrawal of Russian opposition to the proposal until after the conclusion of the Anglo-Russian Agreement. He proposes, therefore, subject to Mr. Morley's concurrence, to instruct Sir C. Spring-Rice to suspend action in the matter for the present, and to refer home for instructions should he be approached again on the subject by the Persian Government.

I am, &c.
(Signed) F. A. CAMPBELL.

[22983]

No. 60.

Imperial Bank of Persia to Foreign Office.—(Received July 11.)

Sir,

I HAVE the honour to inclose, at the request of the Board of Directors, for your information, copy of a letter, dated the 26th ultimo, from our Chief Manager in Tehran, as well as copies of two telegrams exchanged with him, regarding the proposed German bank.

We also inclose the cutting from the "Times" referred to.

I have, &c.
(Signed) C. W. MACLEAN, Manager.

Inclosure 1 in No. 60.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Extract.)

June 26, 1907.

Persian Government Account.—We had an interview with His Britannic Majesty's Minister yesterday, and learnt that the Persian Government had asked privately whether they could not answer our letter by asking a delay of six months, at the expiry of which time their finances would be in better order.

This simply means an indefinite postponement, for the finances will necessarily be in a worse condition in six months than they are now, and we therefore told Sir Cecil Spring-Rice that we would have to telegraph you in this sense.

It is clear to us that nothing will be done by the Government except under severe pressure, and we therefore beg you will use your best endeavours to impress upon the Foreign Office the urgent necessity of vigorous action, at least as concerns the Shah's promissory note of 707,000 tomans and the annuity of 23,270/. 7s.

The interest which is being paid to Russia is the coupon of the Russian loans, which is provided for by the contract weekly payments to the "Banque d'Escompte" of the northern customs hypothecated to the service of the loans.

The Russian Bank is in a much worse position than we are, as not only do they

* No. 28.

not receive anything in reduction of their advances or interest, but have actually had to increase the indebtedness of the Persian Government.

Under these circumstances, the question of equality of action or treatment does not arise, or rather we are the favoured party, as we do receive something on account of our claims.

The Persian Government applied to M. Tchirinikos, of the "Crédit Lyonnais," Odessa, who is leaving for Europe, for a loan of 200,000*l.* for ten years, upon the security of Crown jewels, but were told without hesitation that the advance was impossible.

German Bank.—It appears absolutely certain that the demands of M. Gutmann will be refused. They are:—

1. Right of holding property and advancing on mortgage.
2. Concession of all Government mines.
3. Free sites for branches.
4. The equivalent of any concessions granted to other Powers.

Against this, incredible as it may seem, the Germans offer nothing.

How any sane business man can ask for gigantic privileges, even from Persia, and offer nothing in exchange is inconceivable.

The conditions themselves display an absolute ignorance of local circumstances.

Advances on mortgage would be equivalent to an indefinite lock up of money, as in European hands real estate would be unsaleable.

As to mines, experience has shown that they have no present value.

Free sites for branches would provoke similar claims from the Imperial Bank of Persia and the "Banque d'Escompte." The demands cannot be sustained.

The question of equivalent concessions and privileges bristles with difficulties.

How the German Government will take its repulse time only will show.

Inclosure 2 in No. 60.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.

(Translation.)
(Telegraphic.)

YOUR special letter of 26th June.

The "Times" Tehran telegram says German Bank proposals accepted. What is the truth?

Inclosure 3 in No. 60.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Translation.)
(Telegraphic.)

[Received July 10, 1907.]
IN reply to your telegram of yesterday, Persian Government accepted, subject to approval of National Assembly, Secret Committee. [They] have not made known decision, but supposed to be hostile.

Inclosure 4 in No. 60.

Extract from the "Times" of July 6, 1907.

THE proposals of the German Bank have been accepted by the Council of Ministers, and have been referred to a Secret Parliamentary Committee, which has not yet presented its Report.

The Salar-ed-Dowleh, the Shah's rebellious brother, who recently surrendered, has left Kermanshah for Tehran under the escort of Prince Saïf-ed-Dowleh, the Governor of Kermanshah.

Tehran, July 5, 1907.

[23134]

No. 61.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 12.)
(No. 174.)
(Telegraphic.) P.

Tehran, July 12, 1907.

IMPROVEMENTS in Gulf quarantine service.

Report in favour of extended scheme, including mobile service under European doctor and sanitary stations at Bouchir, Mohammerah, Bunder Abbas, Lingah, and Jask, issued by Committee of Sanitary Council.

Russian doctor desired appointment as Inspector-General of French doctor attached to Russian Consulate at Bushire, and proposed that strict collaboration should be established between Sanitary Service and Customs, who should employ the five small steamers recently acquired by them.

Russia is in this way using our offer to attack 1896 Arrangement. We might perhaps let matter drop (which I hope can be managed through French) after ourselves making absolutely essential improvements.

[23135]

No. 62.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 12.)
(No. 175.)
(Telegraphic.) P.

Tehran, July 12, 1907.

QUARANTINE. My immediately preceding telegram.

Can I speak to my Russian colleague as to attitude of Russian doctor? Have Russians accepted clause respecting our predominance in Persian Gulf?

[23254]

No. 63.

India Office to Foreign Office.—(Received July 13.)

Sir,

IN reply to your letter of the 10th instant as to the projected extension of the Seistan telegraph, I am to state that Mr. Secretary Morley concurs in the proposal of the Secretary of State for Foreign Affairs that Sir C. Spring-Rice should be instructed to suspend action for the present, and to refer the matter for further instructions should he be approached again on the subject by the Persian Government.

Mr. Morley observes that Sir A. Nicolson reported in his telegram No. 303 of the 30th November, 1906, that the proposals of the Russian Government for a settlement of the question of the Meshed-Tehran and Meshed-Seistan telegraph lines included an undertaking that they would raise no obstacles to the British Government establishing a special line from Nasratabad to Koh-i-Malik Siah.

I have, &c.
(Signed) A. GODLEY.

[23254]

No. 64.

Sir Edward Grey to Sir C. Spring-Rice.
(No. 82.)
(Telegraphic.) P.

Foreign Office, July 13, 1907.

ROBAT-SEISTAN telegraph.

Your telegram No. 170 of the 7th instant.

You should suspend action for the present, and refer home if again approached by the Persian Government, as we prefer not to approach Russian Government on the subject until the Agreement is signed.

[21147]

No. 65.

Foreign Office to Treasury.

Sir,

I LAID before Secretary Sir E. Grey your letter of the 25th ultimo, conveying the sanction of the Lords Commissioners of His Majesty's Treasury to his suggestion that the expenditure incurred in making good the damage done to His Majesty's Consulate-General at Ispahan by refugees should form a charge on public funds.

With regard to the inquiry contained in the last paragraph of your letter, I am to state that His Majesty's Minister at Tehran has been authorized to inform the Persian Government that he has made it quite plain to every one concerned that His Majesty's Government would not consent to take part in the internal affairs of Persia, and that while admitting the sacredness of the traditional right of "bast," which has existed from ancient times in Persia, they could not admit the right of this or that party to enter or occupy *en masse* the premises of His Majesty's Legation or Consulates in order to force His Majesty's Government to support their demands; that the Persian people had now their official representatives to whom they can appeal, and that the interference of foreigners is no longer required in order to procure the people a hearing.

I am, &c.
(Signed) LOUIS MALLET.

[23334]

No. 66.

Count de Salis to Sir Edward Grey.—(Received July 15.)

(No. 315.)

Sir,

I HAVE the honour to report that a paragraph appeared in yesterday's issue of the "Berliner Tageblatt" stating that the emissary of the German financial group interested in Persia, Herr Herbert Guttmann, had left Tehran, after having successfully accomplished his mission. I have had the advantage of perusing Sir C. Spring-Rice's despatches in regard to the proceedings of the Germans in Persia.

His Majesty's Consul-General, Dr. von Schwabach, who, as a member of Messrs. Bleichröder's firm, must be cognizant of all the important financial developments in Berlin, has recently expressed his strong opinion to Lord Cranley that there is no field for German financial enterprise in Persia. He considered that the country was not sufficiently endowed with natural resources to warrant the investment of any considerable capital therein, and in addition to this the political situation at present in Persia was not of a nature to tempt the investor.

I have, &c.
(Signed) J. DE SALIS.

[23337]

No. 67.

Count de Salis to Sir Edward Grey.—(Received July 15.)

(No. 318. Confidential.)

Sir,

COUNT OSTEN SACKEN, the Russian Ambassador, asked me this afternoon if I could tell him anything about the proceedings of Herr Guttmann in Persia. At an interview with Herr von Mühlberg yesterday he had alluded to the subject, and had pointed out that in that country Russia had acquired rights and interests of very long standing. Anything of the nature of interference by new comers could not fail to be a matter of the gravest concern to them, and he must therefore ask quite frankly to be told quite frankly what objects the Germans had in view.

Herr von Mühlberg had replied that Herr Guttmann had not yet returned to Germany, and it was not yet known to the Foreign Office how far he had been successful in carrying out the mission which had been intrusted to him by some bankers. In any case his business had been purely commercial; Germany had no political interests there.

I replied that Dr. von Schwabach had (as I have already reported to you) rather

scouted the idea that Herr Guttmann's mission could result in any extensive investment of German capital in Persia, while the last reports I had seen from Tehran were rather to the effect that neither Sir C. Spring-Rice nor M. de Hartwig were inclined to think that Herr Guttmann had met with any great success.

Count Osten Sacken rejoined that he gathered that M. de Hartwig was "far less optimist" than his British colleague as to the failure of the Germans. The distinction made by Herr von Mühlberg between commercial and political interests was of course purely verbal. The former always ended in the latter. He must admit that he thought that the German Foreign Office was not much in favour of these proceedings. The driving force came from circles having independent access to the Emperor whom they had entirely won over. Meanwhile the Germans had had so far no interests in Persia, and their presence there was quite superfluous. He would be much obliged to me if I would let him know anything I might learn about Herr Guttmann's proceedings, and he would not on his part fail to let me know if he heard anything. He considered the interests of Russia and Great Britain in this matter to be identical.

I have, &c.
(Signed) J. DE SALIS.

[23529]

No. 68.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 15.)(No. 176.)
(Telegraphic.) P.

Tehran, July 15, 1907.

SEISTAN-ROBAT Telegraph extension.

Secret but reliable information received to following effect:—

A loan for the purpose of constructing a telegraph line from Seistan to Robat, and for a second wire from Tehran to Shahrud, is to be received by Minister of Telegraphs, who is deeply in debt to Russian Bank. His subordinate has been instructed to inquire as to cost of Robat telegraph poles from Indo-European Telegraph Department. Russian Legation sends messages to St. Petersburg via Shahrud, and Department officials have also been asked to put up second wire from Tehran to Shahrud for their use. Posts, if provided from Robat, will be employed in extension of Meshed-Seistan line. Same conditions would prevail as hitherto, namely, control by Russia. Increase of Russian interference in telegraph administration of that line reported by Persian Telegraph Department and Consul at Seistan.

Arrangement has following result:—

Minister of Telegraphs gets private Russian loan to construct lines to frontier of Seistan and to Shahrud. As Russians will have connection via Shahrud and Astrabad, and at the same time complete control as far as Baluchistan frontier, they will not require cession of Tehran-Meshed line.

Subject has not been mentioned to me by Russian Minister.

[23479]

No. 69.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 15.)(No. 177.)
(Telegraphic.) P.

Tehran, July 15, 1907.

I AM informed by the Administrator of Customs that forty-six Russian Cossacks, with arms, destined for Meshed, Seistan, and Kerman, crossed the Khorassan frontier yesterday.

[23547]

No. 70.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 15.)(No. 178.)
(Telegraphic.) P.

Tehran, July 15, 1907.

KUH MALIK SIAH telegraph extension.
Your telegram No. 82 of the 13th instant.

I have asked Director of Indo-European Telegraph Department to reply that request will be referred home, if further sounded on subject.

In event of Russian scheme maturing (see my penultimate telegram of to-day),
[1521] U

strong representations might be made to the Attabek; an open breach with the Russian Legation would, however, be the outcome of such action. Better course would be to ask Russian Government for pledge that *status quo* will not be disturbed. Responsibility of Russian Government is plain, in view of notorious fact that Persian Government is penniless and Sipahdar is under Russian protection. It is useless to make representations to Russian Minister, who would profess his complete ignorance, probably with truth. He hints at independent line being taken by Russian Finance Minister.

If we have pledge that line, when completed, is not under Russian control, with Russian signallers, there is no objection to construction; but loan has almost certainly a condition of this nature. As cost of carriage of wooden poles would be prohibitive, we could cause delay in construction by refusing to supply poles, and utilize that delay by negotiating with the Persian and Russian Governments.

[23680] No. 71.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 16.)

(No. 179.)
(Telegraphic.) P. *Tehran, July 16, 1907.*

FOLLOWING received from His Majesty's Acting Consul-General, Tabreez (see my telegram No. 173 of the 9th instant):—

"American missionary at Urumia reports defeat of Kurds. Four chiefs killed; slight casualties among Persian troops; Ottoman troops have left region."

[23681] No. 72.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 16.)

(No. 180.)
(Telegraphic.) P. *Tehran, July 16, 1907.*

IMPROVEMENTS in Gulf quarantine service.

Dr Coppin, President of Sanitary Council, promises to send to Persian Government who, for want of funds, will take no action) a moderate list of recommendations. I concur in his opinion that, in view of strong opposition from Russians, matter had better be allowed to drop, especially as quarantine has been suppressed consequent on cessation of plague. Matter had better rest for the moment, though we might eventually provide two stoves.

[23547] No. 73.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 83.)
(Telegraphic.) P. *Foreign Office, July 16, 1907.*

TELEGRAPHS.

Your telegrams Nos. 176 and 178.

We propose to discuss matter with Sir A. Nicolson, who is shortly expected in London.

Any further proof you can collect as to action of Russian Bank you should send in the meantime.

[22039] No. 74.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 119.)
Sir,
WITH reference to your despatch No. 75 of the 22nd April, relative to the Bakhtiari road, I transmit a copy of a further letter which has been received from the Persian Transport Company on the subject.*

You will observe that they express their willingness to send an inspector to report on the repairs required on the road if the Khans will agree to pay the cost of this inspection, and you are authorized to take such action on this point as you may consider desirable.

I am, &c.
(Signed) E. GREY.

[22039]

No. 75.

Foreign Office to Persian Transport Company.

Foreign Office, July 16, 1907.
Sir,
I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 3rd instant on the subject of the Bakhtiari road, and to inform you that a copy of it will be sent to His Majesty's Minister at Tehran, with instructions to take such action as he considers desirable with regard to your proposal to dispatch an inspector to advise and report on the repairs required on the road.

I am, &c.
(Signed) LOUIS MALLET.

[23789]

No. 76.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 17.)

(No. 181.)
(Telegraphic.) P. *Tehran, July 17, 1907.*

KUH-I-MALIK SIAH telegraph extension.

My telegram No. 178 of the 15th instant.

Intention is to bring line from Nasratabad to the telegraph station at Kuh-i-Malik Siah Ziarat, a point 12 miles distant from Robat. Russians would post an agent at Kuh-i-Malik Siah Ziarat if line were built with Russian money. Agent would be able to stop direct communications between Seistan and India and tap through line to India, while right to patrol Seistan would be acquired by Russian agents. For the moment nothing is being done owing to illness of Minister of Telegraphs.

[23815]

No. 77.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 17.)

(No. 182.)
(Telegraphic.) P. *Tehran, July 17, 1907.*

SEISTAN-ROBAT extension.

Your telegram No. 83 of the 16th instant.

The case is as follows:—

Firstly, it is notorious that Minister of Telegraphs is under Russian protection and deeply in debt to Russian Bank.

Secondly, new lines are obviously in Russian interest, and Persian Government is itself quite incapable of raising funds for them.

Thirdly, the Department itself has furnished private information of a convincing character.

Fourthly, see my reports on the case of Hashmat-ul-Mulk.

Until your discussion with His Majesty's Ambassador at St. Petersburg is completed I understand I am to take no steps.

[22397]

No. 78.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 121.)

Sir,

I HAVE received your despatch No. 132 of the 18th ultimo, relative to the occupation of His Majesty's Consulate at Kermanshah by refugees, and the firing on them from outside by their political opponents.

I approve the action taken by you in the matter, as reported in your despatch.

I am, &c.

(Signed) E. GREY.

[22394]

No. 79.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 122.)

Sir,

I HAVE received your despatch No. 129 of the 15th ultimo, reporting on the financial situation in Persia.

I approve the language held by you to the Moukber-es-Sultaneh, as reported in your despatch.

I am, &c.

(Signed) E. GREY.

[22398]

No. 80.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 123)

Sir,

I HAVE received your despatch No. 133 of the 18th ultimo, giving an account of the recent rebellion of the Salar-ed-Dowleh.

I approve your action in the matter, as reported in your despatch.

I am, &c.

(Signed) E. GREY.

[23603]

No. 81.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 84.)

(Telegraphic.) P.

PERSIAN finance.

Your telegram No. 171.

Please inform me whether the customs revenues of Fars and the Gulf ports are paid into Russian Bank?

Is statement true that Russian coupon has been paid partly from above-mentioned revenues? Please inquire of Persian Government.

If true, and unless you think that, notwithstanding use of southern customs, we are bound to delay six months, you should press for payment of amount due in April last on British loan.

[23970]

No. 82.

India Office to Foreign Office.—(Received July 19.)

Sir,

WITH reference to the final paragraph of my letter of the 19th February last as to certain information required by Major Morton in connection with the Karun irrigation scheme, I am directed to inclose copy of a telegram from the Government of India on

India Office, July 18, 1907.

the subject, and to suggest that Messrs. Lynch should be asked whether they have any objection to instructing their local agents by telegraph to furnish Major Morton with the information he requires.

I am, &c.
(Signed) A. GODLEY.

Inclosure in No. 82.

*Government of India to Mr. Morley.**July 13, 1907.*

(Telegraphic.) P.

KARUN irrigation. Our Secret letter No. 2 of the 3rd January last, paragraph 6. Could Messrs. Lynch Brothers be induced to send by telegraph necessary instructions to their local agents at Ahwaz and Bussorah to supply Major Morton with the information he requires, which he complains has not been supplied?

[24049]

No. 83.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 19.)

(No. 183.)

(Telegraphic.) P.

Gulahek, July 19, 1907.

REPORT received from Consul at Seistan that Afghans are digging a canal by which Seistan water supply would be affected. Good pretext for taking Persian side, as before against Afghans and us, would thus be furnished to Russians. Consul suggests representations being made to Ameer, and I concur. Meanwhile, I can tell Persian Government that steps are being taken, pointing out that this would not have happened had Water Award been accepted.

[24050]

No. 84.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 19.)

(No. 184.)

(Telegraphic.) P.

Gulahek, July 19, 1907.

MY telegram of yesterday : Seistan telegraph extension.

I am informed by the broker of the Russian Bank that a week ago the Sipahdar received 300,000 tomans from the Russian Bank.

[24092]

No. 85.

India Office to Foreign Office.—(Received July 20.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 18th instant, and a note by the Director-in-chief of the Indo-European Telegraph Department, dated the 18th instant, relative to Seistan telegraphs.

India Office, July 19, 1907.

Inclosure in No. 85.

*Government of India to Mr. Morley.**July 18, 1907.*

(Telegraphic.) P.

PERSIAN telegraph lines.

Two telegrams as to rumoured project of loan by Russia to Minister of Telegraphs for purpose of construction of a line from Robat to Seistan and the duplication of line between Sharud and Meshed have been repeated to us by His Majesty's Minister at Tehran. It is sufficient, as regards the latter scheme, to point out that Russia's

apparent object is to neutralize the advantage which we at present enjoy in respect of the control of the Tehran-Mesched line, and that Russia, if use of second wire is secured, would not then need control of the Mesched-Tehran line, and in the event of the proposed exchange falling through would lose nothing.

The Government of India is affected directly by the first part of the scheme, and we do not doubt that immediate measures will be taken by His Majesty's Government to prevent so obviously absurd a project being carried out, involving as it does the purchase of British telegraph material by the Persian Government, with funds which have been provided by Russia, for the erection within the British sphere of a line, the control of which is to be transferred to us. Funds for this line, if they are to be provided by a foreign Power, should obviously come from the British Government, and we have already intimated our willingness to make over materials to the Persian Government on very favourable terms as regards payment. If funds are found by Russia, it is impossible to believe that they would be deterred by any pledge, which we may now obtain, from retaining an interest in the line, even though lying in one of the most vital portions of our sphere of interest.

We venture to indorse the advice offered by Sir C. Spring-Rice, subject to the following slight modification, viz., that the Russian Government should be reminded of existing Agreement not to interfere with the *status quo*. M. Isvolsky recently appealed to this Agreement in connection with the question of the renewal of Telegraph Concessions; but, as His Majesty's Government will no doubt remember, it has already once been violated as regards this very line. Action in the present instance may be dictated by considerations similar to those which led to violation referred to, namely, a desire to secure, before the conclusion of the Convention under which existing Concessions will be maintained, as large an interest as possible in the line.

The control of the Robat-Seistan line would obviously be of the greatest political advantage to Russia, in the event of the proposed exchange of telegraph lines falling through. The Russian Government, for instance, might represent, without difficulty, that the Persians were unwilling to make over the Mesched-Seistan line to us, and that, through no fault on their part, exchange was impossible.

We venture to think, however, that the difficulties now raised by Russia as regards this and other questions which we are discussing with her tend to show that she has no longer as strong a wish as she had some months ago to arrive at a friendly arrangement with us.

We are of opinion that, should this, unfortunately, be the case, there is all the more reason why steps should be taken to prevent the construction, under Russian auspices, by Persia of the extension of the Seistan line to Robat.

[24158]

No. 86.

India Office to Foreign Office.—(Received July 20.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 17th July, relative to the draft Russian Agreement as to Persia.

India Office, July 20, 1907.

Inclosure in No. 86.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, July 17, 1907.

PERSIA. Draft Agreement with Russian Government.

Proposal has been received from Russian Government that line of their zone should run from Khakh, passing to point where the three frontiers meet, through Khaf and Turbat Sheikh Jam, Karez and Kuhbenitak being left outside the Russian line. Please let me have, as promptly as possible, your views on the deviation from the straight which has been agreed to by His Majesty's Government. See Secretary's letter No. 25 of the 21st June, inclosing letter to Foreign Office of the 19th June.

[24151]

No. 87.

India Office to Foreign Office.—(Received July 20.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of telegrams from the Viceroy dated the 14th and 19th July, relative to the Anglo-Russian negotiations as to the maintenance of the *status quo* in the Persian Gulf.

India Office, July 20, 1907.

Inclosure 1 in No. 87.

Government of India to Mr. Morley.

(Telegraphic.) P.

July 14, 1907.

PERSIA. Please see your telegram of the 9th instant and despatch dated the 6th from Sir E. Grey to His Majesty's Ambassador, St. Petersburg, inclosed in Political Secretary's letter of the 21st June. We regret greatly that retention in preamble of Convention of any mention of British interest in the maintenance of *status quo* in the Persian Gulf should not have been found possible, as most of the doubts which we have felt as to the advantages of the Convention would thereby have been removed.

In considering revised proposal to take note of the statement in M. Isvolsky's Memorandum, His Majesty's Government have borne in mind, no doubt, the remarks contained in the despatch from the Chargé d'Affaires at St. Petersburg of the 26th October, 1903, to the effect that the Russian Government regard an assurance expressed by word or in writing as of temporary validity only, and liable to vary with changing conditions; and that it is their belief that their assurances are sometimes accepted merely for parliamentary purposes. The Ambassador's despatch of the 7th January, 1904, reporting his conversation with Count Lamsdorff contains similar remarks, indicating that as regards the permanence of such assurances the Russian Government make definite mental reservations. The reasons why M. Isvolsky declined to insert the proposed clause in the preamble are not known to us, but some such causes as we have indicated above may perhaps explain his hesitation in the matter. If insertion in preamble is impossible, we trust that British interest in maintenance of *status quo* will be asserted in the most definite terms, and that overt measures to show that there is every intention to act up to the declaration will be taken in the Gulf, as occasion may offer.

Inclosure 2 in No. 87.

Government of India to Mr. Morley.

(Telegraphic.) P.

July 19, 1907.

MY telegram of the 14th.

Russian doctor's proposal as to control of quarantine arrangements in Persian Gulf reported in telegram of the 12th July from His Majesty's Minister at Tehran. Foreign Office telegram to Ambassador, St. Petersburg, of the 21st June, of which copy was inclosed with Secretary's letter of the 28th June, apprised for us for the first time that the Russian Government were to be informed that, provided Russia agreed not to interfere with our control over quarantine arrangements in the Gulf, we would withdraw our objection to the maintenance of a sanitary station at Karez. As we have already stated, we are quite prepared, pending a consideration of the scheme of the Sanitary Council, which has not yet been furnished to us, to provide the improvements which Dr. Thomson may consider essential in those arrangements. A strong protest we hope will be made against the Russian doctor's proposal, affecting as it does our control at the precise moment when Russia ostensibly has under consideration the question whether it is possible for her to give a pledge not to interfere with that control. With the greatest respect we venture, in view of the present incident, to suggest again that the question of making the maintenance of the *status quo*, including quarantine arrangements, in the Gulf an integral part of the Convention with Russia is of the utmost importance. We are unable to recognize the special force of M. Isvolsky's

objections to this course, which we have now seen, as reported in the telegram from Sir A. Nicolson of the 24th June. These objections would apply with equal strength to the mention of the zone assigned to Russia, the interests of other nations in which are as large as, if not larger than, in the Gulf. The interests both of India and Great Britain hold at present a paramount position in the Gulf, and it is now more important than ever that our existing rights and interests there should be maintained if the construction of the lower section of the Bagdad Railway is to form an object of British policy.

We would venture to point out, even at the last moment, that full recognition of our vital interests in the Gulf, especially as these are now confined to the coast through our line being drawn from Bunder Abbas, would appear to be due to us from Russia in view of the conciliatory attitude as regards Thibet and Afghanistan which we have assumed, and of the fact that we have agreed to recognize most of Persia as constituting the Russian sphere of interest, while on our part only a very small area, of which the greater portion is incapable of being developed, either industrially or commercially, has been retained in our sphere, and while we voluntarily renounce the position of great political strength which we had secured at Tehran and other places owing to the action of the popular party in Persia. The refusal of Russia to recognize our interests in this matter, taken in conjunction with the rumours that reach us from a German source here, that the Concession of the Khanikan Railway to Germany is being considered by the Persian Assembly, and with the report that work is being commenced on a line from Bagdad to Khanikin, leads us to fear that some secret understanding may have been entered into with Germany, the aim of which would be to undermine our position both at Bagdad and in the Gulf. It would be to our advantage (?) that the situation should be cleared up.

[24150] No. 88.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 20.)

(No. 185.)
(Telegraphic.) P.

Tehran, July 20, 1907.

PAYMENT of Russian coupon. Your telegram No. 84 of to-day.

It is not believed by Manager of Imperial Bank that Russian Bank has had customs revenues of Fars and Gulf ports paid into it; indeed, though some of the revenues may have been diverted through Persian agents (as is also the case in the north), that Bank has no organization for receiving them.

All available revenues were retained at the last moment for payment of the Russian interest, in order to avert occupation of northern ports by Russia. Mr. Rabino does not, however, believe that the diversion from south to north of any important sum took place.

I will press for payment in full by or before the 1st October, after making inquiries of Persian Government.

[24172] No. 89.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 21.)

(No. 186.)
(Telegraphic.) P.

Gulahek, July 21, 1907.

IT is stated by Atabek that Assembly violently oppose German bank project, and will agree to no further concession than formation of bank itself. 200,000l. minimum capital. Opposition of Assembly is apparently decisive in spite of threatening language used by German Minister.

Your telegram No. 79 of the 3rd July. Russian Minister hostile.

[24173] No. 90.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 21.)

(No. 187.)
(Telegraphic.) P.

Gulahek, July 21, 1907.

KUH-I-MALIK SIAH telegraph extension.

News respecting Russian Loan to Minister of Telegraphs being confirmed, and in view of urgency of matter I have obtained from Atabek a verbal assurance that line

will not, in the same way as the Meshed-Seistan line, be allowed to pass into Russian hands. I have sent a written acknowledgment of this assurance.

We now have firm ground from which to oppose construction of line with Russian money, as I have informed my Russian colleague of offer made to Indo-European Telegraph Department by Persian Minister, and that it would not be entertained pending our negotiations with Russia.

As in case of Hashmat opposition in Assembly is probable if project is entertained.

[24174]

No. 91.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 21.)

(No. 188.)
(Telegraphic.) P.

Gulahek, July 21, 1907.

SINCE the beginning of the negotiations with Russia the situation has undergone considerable change. English influence was then considerable here. In order to secure reform and independence the Shah seemed likely to co-operate with the people. Now that the Shah and his Government prefer subjection to Russia to compliance with popular demands, no reforms are possible, and the conflict between the Shah and the people is now acute.

As Russia has the game in her hands, having complete control over the Shah, she may therefore think that agreement with England is no longer desirable. The disorders which the Persian Government is doing its best to excite—bankruptcy or the invitation of the Shah—may at any moment justify intervention. Moreover, since the conviction is gaining ground here that there is nothing to hope from us, as we are leaving Persia to Russia, the longer negotiations are protracted the more she gains and England loses.

[24203]

No. 92.

Sir A. Nicolson to Sir Edward Grey.—(Received July 22.)

(No. 369.)
Sir,

St. Petersburg, July 9, 1907.
I HAVE the honour to transmit herewith copy of an *aide-mémoire* which M. Isvolsky communicated to me yesterday, and which proposes a new tracing of the Russian line in Persia in order to meet the views of His Majesty's Government.

I telegraphed the substance of the *aide-mémoire* in my telegram No. 123 of yesterday's date.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 92.

Memorandum communicated by M. Isvolsky to Sir A. Nicolson.

LE Gouvernement Britannique ayant exprimé le désir que la section Orientale de la ligne que délimiterait la sphère d'intérêts Russe et Perse, mentionnée dans l'Article I du projet de la Convention sur les affaires Persanes, ne passât pas à proximité de la frontière Perso-Afghane et vint aboutir non à Zulficar, comme cela a été d'abord proposé par l'Angleterre, mais au point d'intersection des frontières Russe, Persane, et Afghane, le Gouvernement Impérial est tout prêt à prendre ce vœu en considération, et pense qu'une ligne se dirigeant à partir de Khak sur Khaf, Turbat-Schekh-Djami, et laissant en dehors de la sphère Russe Kuh-Benitak, pour aboutir au point d'intersection des trois frontières, satisferait pleinement aux conditions voulues.

Le Ministère des Affaires Etrangères de Russie espère donc que le Cabinet de Londres voudra bien apprécier l'esprit de conciliation dont le Gouvernement Impérial fait preuve, en laissant en dehors de la ligne susmentionnée Kiariz et Kuh-Benitak et en renonçant à la voir terminer à Zulficar même, et consentira à accepter la proposition ci-dessus exposée.

Saint-Pétersbourg, le 25 Juin (8 Juillet), 1907.

24231

No. 93.

Sir A. Hardinge to Sir Edward Grey.—(Received July 22.)

(No. 108. Confidential.)

Sir, Brussels, July 19, 1907.
I HAVE the honour to report that a special Persian Embassy arrived here yesterday to announce to the King of the Belgians the accession to the throne of Muhammed Ali Shah. The Mission is to be received in audience to-morrow, and the King gives a banquet in its honour in the evening.

The special Ambassador, Ishak Khan, Mofakheen-ed-Dowleh, is a very old friend of mine, as we were colleagues in Egypt, and I saw a good deal of him during my five years' residence in Persia. He is a son-in-law of the Mushir-ed-Dowleh, and thus a brother-in-law of the Mushir-el-Mulk, who lately notified the Shah's accession in London. He is now Persian Minister at Vienna, but he tells me that he has been of late very little at his post, having spent the last eight months in his own country. He spoke very frankly to me of the present situation in Persia from the standpoint of a constitutionalist "young Persian" who believed in the Parliament, notwithstanding its inexperience and other defects, as the only means of regenerating Persia; and he professed gratitude to England for the indirect part taken by us in securing its establishment. He deplored the Shah's secret hostility to the Constitution, which he attributed to some extent to the influence on His Majesty of the Russian Legation, exercised through M. Chapschal, the "Kashan clique," and especially the Moukhtar-es-Sultaneh, whom I had known at Tabreez under his former title of Binan-es-Sultaneh, and who was always in M. Hartwig's house. On my asking whether the present Shah was not much more economical than his father he replied that this was so, but that he gave a good deal of money, and would like to give more, to his special favourites. He described the Atabeg Azam (to whose interests he himself has always been attached) as deeply discouraged by the situation, and as having little influence over the Shah, who now said that he had supposed his Highness to be a great statesman, but had found that he was as helpless and incapable as any of the others with whom he had had to deal.

His Majesty, whom I understood from him, and my own experience confirms this view, to be exceptionally untruthful and capricious (for few Persians can be said to be totally exempt from these failings), spoke openly against the Atabeg to his courtiers, and his Highness had thrice offered to resign. M. Naus' influence had, he thought, also been bad, as he had asserted that the assembly could be forcibly suppressed by the Cossack brigade. The only course for the Shah to follow was to recognize that the old days of despotism, when his subjects grovelled before the Sovereign, were over, to preside over his own Council of Ministers, to enter into personal relations with the leading members of the Medjlis by inviting them to the Palace and hearing their views on public affairs, and to overcome that assembly's distrust of an Anglo-Russian loan, by allowing it to exercise a direct and real control over the expenditure of the money. Otherwise things would go from bad to worse, the already profound unpopularity of the dynasty and Government would deepen, anarchy would increase, and the movement in favour of local autonomy, which had already begun in Azerbaijan, would spread with results disastrous to the Monarchy and nation alike.

There is doubtless nothing new to you in all this, as you are naturally kept fully informed by Sir Cecil Spring-Rice, of whom the special Ambassador spoke in warm terms, of events in Persia, but I have thought that his Excellency's observations might be of indirect side interest to you.

I have, &c.
(Signed) ARTHUR H. HARDINGE.

In continuation of previous correspondence, the Chief Manager of the Imperial Bank of Persia in Tehran has informed the Board of Directors that there is no hope of his succeeding in obtaining a settlement of the long past due indebtedness of the Persian Government to the Bank without the active and firm support of His Majesty's Government.

The Directors of the Imperial Bank of Persia, while fully appreciating the difficulties of the position, *vis-à-vis* to their individual responsibility to their shareholders, have no desire to hamper the Persian Government in formulating their proposal for the liquidation of the debt long past due.

The claim of the Bank taken in round figures stands to-day at 469,368*l.* When considering the question of settlement, it will probably be deemed necessary to deal simultaneously with the advance made by His Majesty's Government, which amounts to 290,000*l.*, and which, added to the Bank's claim, makes a total of 759,368*l.*

Assuming that the revenues of the Southern Customs amount annually to, say, 180,000*l.*, 50 per cent. of this amount, the Directors think, might reasonably be appropriated towards the payment of the total debt as above, the remaining 90,000*l.* being available for the purposes of the Persian Government.

The explanation of the manner in which the above figures are arrived at is set out in detail in the annexed Memorandum, from which it will be observed that the sums due by third parties guaranteed by the Persian Government (72,300*l.*) are deducted from the total claim, and it is assumed His Imperial Majesty the Shah will at once pay the debts (12,190*l.*) incurred by him while Valihad and Governor-General of Azerbaijan; further, that 50 per cent. of the late Shah's promissory note (145,688*l.*, including interest to the 30th June) will be paid in cash (72,841*l.*), leaving the remaining balance to be liquidated within a period of two years.

In formulating this proposal the Directors of the Imperial Bank of Persia venture to say they have treated the Government of Persia with the utmost consideration in regard not only to the late Shah's past due promissory note, but also to the default of payment of the customs drafts which that Government contracted to pay monthly, and which now aggregate the large total of 143,279/. Had the Persian Government kept faith with the Bank in this matter, the Directors would not find themselves in the invidious position in which they are now placed with regard to the excess advance over the amount authorized by their Concession.

I have, &c.
(Signed) LEPEL GRIFFIN, *Chairman.*

Inclosure in No. 94.

PARTICULARS of the Persian Government Debt.

Advance by His Majesty's Government	£ ..	£ 290,000
Total indebtedness to the Imperial Bank as per separate statement, namely :—		
Government debt	384,876	
Debt of His Imperial Majesty the Shah as Valihad	12,190	
Further amounts for which the Government has acknowledged its indebtedness	72,302	
		469,368
		759,368

[24366]

No. 91

Imperial Bank of Persia to Foreign Office.—(Received July 22.)

Sir,

I HAVE the honour to invite your consideration and that of the Secretary of State to the following statement of the indebtedness of the Persian Government to the Imperial Bank of Persia and His Majesty's Government, with suggestions for its liquidation.

SUGGESTED Manner of Settlement.

		£	£
Indebtedness to the Imperial Bank as above	.. .. ..	..	469,368
Deduct Concession limit	.. .. ..	..	216,666
			<hr/> 252,702
Deduct amounts to be paid at once in cash—		£	
Debt of His Imperial Majesty the Shah as Valihad	.. 12,190	..	
Half the promissory note of the late Shah	.. 72,844	..	
		<hr/> 85,034	
Also advances acknowledged by the Government as above	.. ..	72,302	<hr/> 157,336
			<hr/> 95,366
Annual Southern Customs receipts	.. .. ..	..	180,000
Of which to be paid to the Bank	.. .. ..	..	90,000
Deduct annuity on His Majesty's Government advance of 290,000 <i>l.</i>	.. ..	..	23,270
			<hr/> 66,730

	Krans.	£	s. d.
Total debt of Government, including interest to 30th June, 1907	.. 20,206,000.00	= 384,876	0 0
Against which we hold in part security and acknowledgment—			
Unpaid customs drafts on Bushire customs (143,279 <i>l.</i>)	.. 7,522,163.90		
Promissory note of the late Shah (which, with interest to 30th June, 1907, would amount to 7,618,619.15 krans, viz., 145,688 <i>l.</i>)	.. 7,070,000.00		
		<hr/> 14,592,163.90	
Doubts of His Imperial Majesty the Shah contracted whilst Valihad in Tabreez—			
Krans.			
Current account	362,830.85		
Guarantee, plus accrued interest	277,156.80		
		<hr/> 639,987.65	= 12,190 0 0
The instalment of the loan of 290,000 <i>l.</i> , due 4th April, 1907 ..	..	23,270	7 0
Interest to 30th June, 1907 .. .. ..	..	277	6 7

Further, the Government has acknowledged its indebtedness for the following amounts due to us:—

	Krans.	£
His Imperial Highness Shoa-es-Sultaneh ..	.. 2,100,000.00	
His Excellency Amm Bahadur Jang ..	.. 1,045,866.05	
His Highness Mushir-ed-Dowleh and others ..	.. 650,000.00	
		} = 72,302

Tehran, June 18, 1907.

[24418]

No. 95.

India Office to Foreign Office.—(Received July 22.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 21st instant, relative to the proceedings of Afghans as to a canal in Seistan.

India Office, July 22, 1907.

[22160]

No. 98^c.

Foreign Office to India Office.

Sir,

I LAID before Secretary Sir E. Grey your letter of the 1st instant respecting the suggestion put forward by the Government of India that the Mohammerah-Ahwaz-Borasjun telegraph line should be brought under the control of the Indo-European Telegraph Department.

I am to state that while fully recognizing the advantages which such an arrangement would offer to British interests, Sir E. Grey does not consider the moment opportune for raising the question.

A copy of your letter and of this reply has been sent to His Majesty's Minister at Tehran for his information.

I am, &c.
(Signed) LOUIS MALLET.

Inclosure in No. 95.

Government of India to Mr. Morley.

(Telegraphic.) P.

July 21, 1907.

A REPORT has been received from His Majesty's Consul, Seistan, by telegraph, that a canal towards Tarakhun from Chakar-Burjah viâ Chah Gazaki Karan Khan, is being excavated by Afghans. A canal for most of the distance is marked on Sir H. McMahon's map, but Consul states that a new alignment is being adopted. Harvest operations have caused a suspension of operations for present, and Vice-Consul in a letter to Governor, Chakansur, has warned him of danger of irrigation works in this district, as indicated in the reports of Sir H. McMahon's Mission (see his letter of the 15th April, 1905, paragraph 24, forwarded with our letter of the 18th May, 1905). Having regard to the fact that Sir H. McMahon's Water Award has not been accepted by the Persian Government, and of its never having been accepted in its entirety by the Amir, questions arising as to construction of canals must be dealt with apparently in accordance with terms of Goldsmid's Award. As without expert examination it is not possible to determine whether this fresh canal will "interfere with the requisite supply of irrigation," it may become necessary to telegraph to the Amir at Herat, through His Majesty's Consul-General in Khorassan, advising him, pending the opinion of an expert irrigation engineer, whose services would be placed at his disposal, to desist from further work on the canal.

I will communicate with you further on the subject after ascertaining the views of Sir H. McMahon and of Mr. Ward, who will shortly be in Simla, whom I am consulting.

(Repeated to Tehran.)

[24406]

No. 96.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 22.)

(No. 189.)

Tehran, July 22, 1907.

(Telegraphic.) P.

FORTY Cossacks who crossed Khorassan frontier are stated by Russian Minister to be relieving detachment.

[24407]

No. 97.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 22.)

(No. 190.)

Tehran, July 22, 1907.

(Telegraphic.) P.

CONCESSION of German Bank has been passed by Assembly for thirty years; capital is to be 200,000*l.*; articles of first installation granted free entry. Assembly rejected Mining Concession. Free site will be offered by Shah.

Gutmann leaves to-morrow after seeing Shah to-day. Little more than what could be claimed under Treaty is acquired by Concession.

[24408]

No. 98.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 22.)

(No. 191.)

Tehran, July 22, 1907.

(Telegraphic.) P.

RUSSIAN Legation have addressed note to Persian Foreign Office, of which following is translation :—

" Much inconvenience is caused by want of proper telegraphic communication between Tehran and Shahrud. I request Director of Telegraphs be instructed to put up a new additional wire. Assistance of every kind will be offered by Russia."

[24598]

No. 99.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 23.)

(No. 192.)

(Telegraphic.) P.

KUH MULIK SIAH telegraph extension.

I saw late Government Agent in Seistan to-day. He said the Russians are now anxious for construction of line, of which they will necessarily have control, as they have obtained possession of land at Nasratabad through which line to Kuh Mulik Siah must pass.

[24599]

No. 100.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 23.)

(No. 193.)

(Telegraphic.) P.

MY telegram No. 183 of the 18th instant.

Seistan states there is no foundation for report that Afghans were building canal.

[22161]

No. 101.

Foreign Office to Treasury.

Sir,

WITH reference to your letter of the 9th March, 1906, relative to questions arising out of the injuries sustained by Lieutenant-Colonel Douglas and Captain Lorimer while travelling in Luristan, I am directed by Secretary Sir E. Grey to transmit herewith, to be laid before the Lords Commissioners of the Treasury, copies of further correspondence which have passed on the subject with His Majesty's Minister at Tehran and the India Office.*

Sir E. Grey is of opinion that, having regard to the views expressed by Mr. Grant Duff in his despatch No. 75 of the 17th April, 1906, and by Sir C. Spring-Rice in his telegram No. 146 of the 12th June, it would be useless to press the Persian Government to settle this claim for 2,000*l.*, and he concurs in Mr. Morley's opinion, as stated in the letter from the India Office of the 4th instant, as to the undesirability of recovering the amount from the Jask royalty.

In these circumstances he proposes to take no further action in the matter.

I am, &c.

(Signed) LOUIS MALLET.

[24696]

No. 102.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 24.)

(No. 194.)

(Telegraphic.) P.

Gulahek, July 24, 1907.

ASSEMBLY reopened subject of German Bank yesterday. Concession for forty-five years, with three years option, was passed after a long debate. Delegate of Government said German Minister would break off relations if concession were rejected.

Herr Gutmann privately stated that Russian Legation was favourable to scheme, and that opposition originated in British Legation. "As soon as Russian policy in Persia has developed," he says, bank will open.

* Mr. Grant Duff, No. 75, April 17, 1906; see Part X, Nos. 231 A, 234 B, and 248*; and *ante*, No. 17

[24697]

No. 103.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 24.)

(No. 195.)

(Telegraphic.) P.

Gulahek, July 24, 1907.

M. PASSEK, Secretary of Russian Legation, yesterday said that "until Russia's position in certain respects was assured" the negotiations with Great Britain would be protracted.

[24698]

No. 104.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 24.)

(No. 196.)

(Telegraphic.) P.

Gulahek, July 24, 1907.

THE written request of the Persian Government for the consent of the English and Russian Governments to the payment of interest alone without sinking fund (see your telegram No. 78 of the 29th June), has just been made. Reform scheme will be carried out during the period of suspension, which they ask may be three years.

[23681]

No. 105.

Memorandum communicated to Count Benckendorff, July 24, 1907.

THE question of introducing certain improvements into the quarantine arrangements in Southern Persia has been raised by the Sanitary Council at Tehran.

His Majesty's Government, to whom the control of these arrangements was confided by the request of the Persian Government, have been considering this question for some time past, and propose themselves to make such improvements in the service as are indispensable to its greater efficiency.

His Majesty's Minister at Tehran reports that at a recent meeting of the Sanitary Council the Russian doctor proposed that the sanitary service should be carried on in collaboration with the Customs Administration. He also proposed that the French doctor of the Russian Consulate at Bushire should be appointed Inspector-General of quarantine.

His Majesty's Government desire to point out to the Russian Government that they consider the present quarantine arrangements as one of their special interests in the Persian Gulf and a part of the *status quo*. M. Isvolsky, in an *aide-mémoire* recently communicated to Sir A. Nicolson, stated that the Russian Government do not deny the special interests of Great Britain in the Persian Gulf region. His Majesty's Government therefore trust that the Russian Government will send instructions to the Russian doctor to refrain from opposing the continuance of the present arrangements, should the question again come before the Council.

Foreign Office, July 24, 1907.

[24173]

No. 106.

Memorandum communicated to Count Benckendorff, July 24, 1907.

HIS Majesty's Minister at Tehran has reported that the Persian Minister of Telegraphs has requested the Indo-European Telegraph Department to construct a second line from Tehran to Shahrud for the use of the Russian Legation, so as to obtain additional means of communication with Russia.

A report has reached Sir C. Spring-Rice that the Persian Minister of Telegraphs is receiving a loan from the Russian Bank for the purpose of constructing the above-mentioned line.

His Majesty's Government, while unwilling to give credit to this report, which would involve a breach of the understanding come to between the two Governments not to disturb the *status quo* in Persia pending the conclusion of the Agreement now under discussion, would be glad to receive an assurance that it is without foundation.

Foreign Office, July 24, 1907.

Inclosure 2 in No. 108.

Government of India to Mr. Morley.

(Telegraphic.) P.

PERSIA. Proposed Convention with Russia.

It is understood that we have definitely refused to entertain the Russian proposal that line should run from Kakhk to Khaf, and from Khaf to Karez and Kuhibenitak. The meaning of your telegram of the 17th July is, therefore, we presume, that Russia abandons her claim to quarantine post at Karez if her line is brought south to Khaf. We would point out, if this assumption is correct, that the Bakharz Mountains are left almost entirely to the south of the Russian sphere by a straight line from Kakhk to Zulficar, and that this might be useful for the purpose of protecting our communication along the border of Afghanistan. On the other hand, most of the Bakharz Mountains will be in Russian sphere if the Russian line is brought south to Khaf. This would involve the loss of a strategical position, and bring Russian limits very close to the disputed area on the Hashtadan frontier. Also the Russian line would be in such propinquity to the Afghan border that the objects which His Majesty's Government had in view in demanding a straight line to Zulficar would practically be nullified. Further, with the line proposed, Russia would have command of the main trade road between Persia and Herat, by which Afghan apprehensions would certainly be excited. The telegraph line to Khaf would also be held by Russia, by whom a further stretch of this line might be claimed in the neutral zone. Any such Concession as that proposed is strongly deprecated by us for these reasons. Should, however, further Concession be considered inevitable by His Majesty's Government, we would renew the recommendation that our line should be extended so that Kain and the hills north of it should be included in the British sphere. A report from the Consul-General at Meshed has since been received urging this strongly on strategical grounds. The utility, indeed, in this part of Persia, east of the Lut Desert, of a neutral zone open to the commerce of other nations is not clear to us; such a zone, in our opinion, would almost certainly be penetrated by Russia, and a constant source of friction would be established. The northern limit of our zone should, we would therefore suggest, be the limit that may be adopted as the southern limit of the Russian zone in this quarter.

[24785]

No. 109.

India Office to Foreign Office.—(Received July 25.)

Sir,

WITH reference to my letter of the 4th instant as to the acceptance by His Majesty's Government of the arrangements proposed by the Russian Government for the exchange of the control over the Tehran-Meshed and Meshed-Seistan telegraph lines subject to the condition that the Russian Government should adopt a friendly attitude as to the prolongation of the Concessions of the Indo-European Telegraph Department, I am directed to inclose, to be laid before the Secretary of State for Foreign Affairs, copy of a telegram from the Viceroy on the subject.

Mr. Morley is not led by the considerations urged in the telegram to doubt the soundness of the decision taken, but he agrees with the Government of India that the point of division of the two controls, which was left in the Russian draft for settlement hereafter, should be fixed at Khaf, or, failing that, as far north as possible. Turbat-i-Haidari, which lies in the Russian zone, presumably cannot be asked for under the Agreement arrived at.

I am, &c.
(Signed) A. GODLEY.

Inclosure in No. 109.

Government of India to Mr. Morley.

(Telegraphic.) P.

MESHEDE-SEISTAN telegraph line. Your telegram of the 9th instant.

The abandonment to Russia of the northern end of the line is almost more objectionable from our point of view than the relinquishment of the line between

July 19, 1907.

Ispahan and Tehran, since, as regards the latter, before the existing Concession of Indo-European Telegraph Department expires in 1925, anything may happen in Persia, or as regards the use of telegraph lines generally, while as regards the former, all messages to Meshed, some of which may be of greatest importance, will be at once tapped. There does not appear to be any more reason why Russia should raise objection to a British line of telegraph in Russian sphere to Meshed than to a similar line to Tehran. We trust that equivalent of much greater value may be obtained, such as recognition of British interests in the Persian Gulf, if portion of line must now be abandoned, and that our limit will be fixed at Turbat-i-Haidari, as M. Poklewski has suggested, or at the extreme northern line of the neutral zone, in which, under the terms of the Convention, there can be no possible objection to British Concession.

[24799]

No. 110.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 25.)

(No. 197.)

(Telegraphic.) P.

Tehran, July 25, 1907.

KUH-MALIK-SIAII telegraph extension.

Oriental Secretary has been told by Vice-Minister of Telegraphs that Atabek has warned Minister that England objects to foreign control. Vice-Minister said that Russians constantly press for construction, and that Russia would object to any agreement establishing British control. He wants England by secret arrangement to provide money and poles. Churchill replied that we must await instructions respecting Anglo-Russian agreement from home.

Any line now constructed would, in view of arrangement described in my telegram No. 176 of the 15th instant, be under Russian control at Nasratabad, and I propose to warn Atabek accordingly. It is, meanwhile, of urgent importance to arrive at an agreement with Russian Government. Construction by us would, without agreement with Russia, be an infraction of *status quo*, and I do not therefore propose to urge it, but the matter cannot be long delayed in view of Russian persistence. No advantage can, in my opinion, be anticipated from negotiating with Russian Legation here.

[23681]

No. 111.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 85.)

(Telegraphic.) P.

Foreign Office, July 25, 1907.

QUARANTINE in Persian Gulf.

Your telegrams Nos. 174 and 175.

Mention of Persian Gulf in Convention is objected to by Russian Government on the grounds that it introduces new and complex element, by which interests of other Powers are affected. They admit too, however, that we have special interests in the Gulf. They were informed that we would not insist, but that a statement defining our position as to Gulf would have to be made in Parliament.

With regard to our quarantine arrangements, we are already pressing them to an assurance as to non-interference. While informing Russian Ambassador of the proposal made by the Russian Minister, as reported in your telegram No. 174, we are stating that the present quarantine arrangements are, in the opinion of His Majesty's Government, one of the special interests of Great Britain in the Gulf and a part of the *status quo*, and that they trust that, as her special interests in the Gulf region have not been denied by the Russian Government, the latter will instruct doctor, should question again come before Council, to refrain from opposing present arrangements. At the same time, we stated that such improvements in the service as are indispensable we propose to make ourselves.

You are at liberty to communicate above information to your Russian colleague.

[24837]

No. 112.

India Office to Foreign Office.—(Received July 26.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 25th instant, relative to the proceedings of Afghans as to a canal in Seistan.

India Office, July 25, 1907.

Inclosure in No. 112.

Government of India to Mr. Morley.

(Telegraphic.) P.

July 25, 1907.

SEISTAN. My telegram of the 21st instant. Vice-Consul now informs us that nothing more is in progress than the annual repair and cleaning of old canal, and that report previously furnished is without foundation. No communication is necessary in circumstances to Amir.

(Repeated to Tehran.)

[24598]

No. 113.

Sir Edward Grey to Mr. O'Beirne.

(No. 116.)

(Telegraphic.) P.

Foreign Office, July 26, 1907.

SIR C. SPRING-RICE'S telegrams Nos. 176, 178, 181, 182, 184, 187, 191, and 192: Seistan-Robat telegraph.

You need take no further action in matter of application made to Indo-European Telegraph Department by Persian Minister of Telegraphs for construction of line to Shirrud and of rumoured loan, as I have informed Count Benckendorff of it, and added that, while unwilling to credit it, His Majesty's Government would be glad to receive assurance as to falsehood of a report which would involve breach of understanding not to disturb *status quo* pending negotiations.

In view of seeming insufficient as to Robat-Seistan line, I did not mention rumour, but you should now mention it to Russian Government, in view of Sir C. Spring-Rice's later telegrams, adding that we do not believe it.

You should explain that in April His Majesty's Government were requested by Persian Government to assist them in providing material for construction of this line, but that, in view of understanding as to *status quo*, we do not propose at present to consent, though we assume that, principle having been already admitted in M. Isvolsky's *aide-mémoire* of the 17th November, 1906, inclosed in Sir A. Nicolson's despatch No. 792 of the 30th November, Russian Government will raise no objection to our doing so eventually.

[25020]

No. 114.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 27.)

(No. 199.)

(Telegraphic.) P.

Gulahek, July 27, 1907.

M. DE HARTWIG and I have arranged with Dr. Coppin that the matter of the quarantine arrangements should be dropped.

M. de Hartwig assures me that the Russian doctor's proposal was made without his knowledge, and that he will prevent the recurrence of a similar incident.

[24715]

No. 112,

Sir Edward Grey to Mr. O'Beirne.

(No. 115.)

(Telegraphic.) P.

ST. ITU'S quo in Persian Gulf.

You should communicate draft *aide-mémoire* prepared by Sir A. Nicolson to Russian Government, with following modifications:—

Third paragraph—

Substitute for words "that owing to . . . declaration" the words "that public opinion in Great Britain will demand from His Majesty's Principal Secretary of State for Foreign Affairs a public declaration."

Final paragraph—

Words "as the Imperial Russian Government have recognized that Great Britain has special interests in those waters" should be added at the end.

[25034]

No. 113*.

India Office to Foreign Office.—(Received July 27.)

Sir,
IN continuation of the papers inclosed in the letter from this Office of the 15th June last regarding the Abu Musa Red Oxide Concession, I am directed by Mr. Secretary Morley to forward herewith, for submission to the Secretary of State for Foreign Affairs, copy of a letter from the Government of India reporting their proceedings in the matter, and stating their views as to the course which should be followed.

Sir E. Grey will observe that the Concession under which certain Arabs had granted a lease amounting to a monopoly to Herr Wonckhaus has been cancelled by the Sheikh of Shargah, and that to avoid misconceptions which might arise if the rights enjoyed by Herr Wonckhaus should be at once transferred to Messrs. Strick, that firm have been asked through their local agents to defer any action with regard to the Abu Musa mines for the present.

As regards future arrangements, it will be seen that the Government of India think that the Sheikh should not be allowed to grant any monopoly, and that he should be advised to submit to the Political Resident the draft of any new contract into which he may propose to enter.

Subject to Sir E. Grey's concurrence, Mr. Morley proposes to approve the action proposed by the Government of India, and to request them not to sanction any Concession which the Sheikh may propose to grant without reporting the matter home, with reference to any change that may have occurred in the local circumstances, and any representations that may have been received from Herr Wonckhaus. Messrs. Strick may at the same time be requested, as suggested by the Government of India, to postpone, at any rate until the end of the current year, action under any contract they may contemplate negotiating with the Sheikh for oxide from the Abu Musa mines.

I am, &c.
(Signed) A. GODLEY.

Inclosure 1 in No. 113*.

Government of India to Mr. Morley.

(Secret.)

Sir,

WE have the honour to forward a copy of correspondence on the subject of the red oxide deposits at Abu Musa Island belonging to the Sheikh of Shargah.

2. In 1898 the Sheikh granted a lease of the red oxide mines to one Haji Hassan bin-Ali Samaiyeh, a resident of Lingah, his son Abdulla, and a third person Esa-bin-Abdul Latif. In December 1904, on the strength of a report from the British Agent at Lingah to the effect that Herr Robert Wonckhaus, the representative of a German firm in Bahrein, had contemplated visiting Abu Musa with a view to taking up the export of red oxide, the Sheikh of Shargah and the concessionnaires were specifically warned by the Political Resident against entering into any agreement with the trader in question for the purpose. The Sheikh had, indeed, already received a general warning in 1898 from the Political Resident in the Persian Gulf not to grant trade monopolies without consulting him. Nevertheless, on the 1st June, 1906, Hassan Samaiyeh, claiming to act for his two partners, entered into a contract with Herr Wonckhaus granting to the latter a monopoly of purchase of the output of the red oxide mined on the island for four years, with preferential option to renew the contract at the end of that period.

3. When reporting the circumstances connected with the execution of the contract Major Cox urged that, in view of the political importance of preventing the acquisition

[1521]

2 A*

* This paper will be found at the beginning of this volume after the Table of Contents.

2. I have ascertained from the Residency Agent at Shargah that neither the Sheikh of Shargah nor his son Esa-bin-Abdul Latif, who was one of the three parties participating in the original Concession from the late Sheikh Salim-bin-Sultan, had any knowledge of the agreement entered into with Herr Wonckhaus by the Lingah partner, Hassan Samaiyeh. I have accordingly instructed both the Shargah and the Lingah Agents to endeavour to obtain a copy of the document drawn, but I have not yet received one from either quarter, and meanwhile I learn from another source that Hassan Samaiyeh refuses to produce it on the grounds that he was strictly enjoined by the German to show it to no one. As one of the original concessionnaires, Esa-bin-Abdul Latif, has not been a party to any sub-lease of the Concession as a whole, and as Sheikh Sagar and the said concessionnaires, at my direction last year, were warned not to enter into relations with any foreign subject, it is hardly likely that any document has been passed for the transfer of the Concession bodily; on the other hand, the apparently persistent refusal of Hassan Samaiyeh to produce the document necessarily arouses suspicion, and from what he has written to his friends here it would appear that he has at any rate bound himself to Herr Wonckhaus for a term of four years in such a way that he cannot sell any of the output to other parties.

3. Such action, if my information proves to be true, could, I should think, be regarded as a violation of the conditions on which the Concession was given and would warrant its withdrawal, but the Government of India will be better able to arrive at a decision on this point when the complete facts are before them.

I had hoped to be in a position to submit a full Report before leaving, but up to the last minute no reply has been received from the Lingah Agent, who is no doubt experiencing difficulty in prevailing upon Hassan Samaiyeh to show him the document.

4. I should mention in conclusion that Hassan Samaiyeh can be treated as a British subject. His father was born in Bahrein and afterwards obtained British naturalisation papers in Bombay, where he resided for some years; and it appears from the records of the Residency that on the above grounds Hassan and his son have been in the habit of preferring their claims against Persian authorities or subjects through the British Residency.

Inclosure 7 in No. 113*.

Major Cox to Government of India.

(Confidential.)

Bushire, November 29, 1906.
IN continuation of my letter dated the 28th October, 1906, I now have the honour to submit the report called for on the subject of Herr Wonckhaus' acquisition of rights in regard to the red oxide deposits at Abu Musa.

2. In order to place the case completely before Government, it is necessary to give briefly the early history of the Concession.

The present Sheikh of Shargah, Sagar-bin-Khalid, supplanted his uncle, Salim-bin-Sultan, as ruling Sheikh, in March 1883. Sheikh Salim, realizing that he had no following, accepted the inevitable, and has since become a pensioner, enjoying more or less friendly relations with his nephew.

In the summer of 1898 Sheikh Sagar went on a pilgrimage to Mecca, leaving his uncle above-mentioned in charge of his administration at Shargah, and the latter, while acting in this capacity, granted a lease of the red oxide mines on Abu Musa Island to three persons, as follows:—

(1.) Haji Hassin-bin-Ali Samaiyed, resident in Lingah, and agent for the Bombay and Persian Steam Navigation Company at that port. This individual is by origin a Bahreini, and has in the past claimed and received British protection on the strength of a naturalization certificate granted to his father by the Government of Bombay. A separate Memorandum regarding his nationality is attached.

(2.) Abdulla-bin-Haji Hassan, son of the above.

(3.) Esa-bin-Abdul Latif, son of the Residency Agent, Shargah.

A translation of the document granting the original Concession accompanies. This is the Concession to which Colonel Meade referred on p. 10 of the Persian Gulf Administration Report for 1898-9. The chief thing to remark in it is that no limit of time is stipulated for on one side or the other. It would have been simpler if Sheikh Sagar's attention had been drawn to this on his return from the Haj, but, such as it is, the agreement must be held to have been indorsed by Sheikh Sagar's subsequent action or inaction.

3. In December 1904, on the strength of a report from our Agent at Lingah, to the effect that Herr Wonckhaus contemplated visiting Abu Musa with a view to taking up the export of red oxide, instructions were immediately issued to the Residency Agent at Shargah; and it will be seen from his two letters, of which translations are inclosed, that both the Sheikh of Shargah and the concessionnaires received specific warning against entering into any ill-considered compact with the German firm. The next information which I received on the subject reached me by accident on my return from India in August last, and it was the entry in the diary of this Residency for the 12th August which originated the present correspondence. The foregoing details bring the case up to the present time.

4. Referring now to my *ad interim* report of the 28th October, 1906, I have the honour to report that after much fencing on the part of Hassan Samaiyeh, I have at length received a certified copy of the agreement between him and Herr Wonckhaus, and append a duplicate of it. It will be seen that it has been executed by Haji Hassan Samaiyeh, claiming to act for his two partners, and gives to Herr Wonckhaus a specific monopoly of the output for four years, with preferential option to renew at the end of that period. The Lingah Agent, in forwarding it, states that Haji Hassan asserts that "he has purchased the Chief of Shargah's share and holds a writing to that effect from the Chief." I am at a loss to know what that means, but am taking steps to ascertain.

In any case the concessionnaires have behaved in a hole-and-corner and obstructive way and deserve no consideration from us, and it remains for Government to consider whether steps should not be taken to upset the arrangement. It is probable that Messrs. Strick and Co would be quite ready to take up the trade on terms equally advantageous, for the Government of India will note from the papers forwarded to me under Foreign Department indorsement dated the 22nd November, 1905, that they are paying to the Moin-ut-Tujjar for the Hormuz product more than double the rate obtained by Haji Hassan from Herr Wonckhaus. In fact, I understand that Messrs. Strick were on the point of making the Shargah concessionnaires an offer when they were forestalled by the German firm.

5. The following arguments suggest themselves to me in connection with the possible withdrawal of the Concession:—

(a.) Hassan Samaiyeh, if taxed with disregard of Sheikh Sagar's interests or instructions, or of the wishes of the Residency, would no doubt argue that nothing had been permanently alienated, his Agreement with Herr Wonckhaus merely providing for a sale of prospective produce.

(b.) The Agreement (*vide* opening lines) purports to be executed between Herr Wonckhaus and "Mr. Hassan-bin-Semey," as owner and holder of the Bu Musa Concession, and him only. At the end it is signed solely by the said Hassan, but he adds the words "wa shūrqāhū" ("and his partners") after his signature. It is understood that Hassan has always been the working partner, but it is doubtful whether he carries any document authorizing him to enter into written and unlimited contracts without consulting the other parties. His son Abdulla would, of course, express cognizance and approval of his father's action, but the third sharer, Esa-bin-Abdul Latif, was apparently not consulted, and would, no doubt, record his dissent if advised to do so.

(c.) In view of advice given to the Trucial Sheikhs in time past by the Residency, warning them against the grant of monopolies without reference to Bushire, the fact that an unlimited monopoly has been granted would afford the Sheikh of Shargah reasonable grounds for cancelling the Concession.

(d.) But it would seem to be unnecessary for the Sheikh, should he agree to cancel it, to introduce any reference to instructions or advice received from the Resident, for, seeing that the original Concession provided no time limit on either side, there seems to be nothing to prevent Sheikh Sagar from withdrawing it at will, on any reasonable grounds, and these certainly exist in the fact that the commercial value of the red oxide has lately increased to an extent which makes the rent paid by the concessionnaires (250 dollars per annum) ridiculously small. Sheikh Sagar's object in resuming control of the red oxide export would be with a view to working it directly for his own benefit in association with Messrs. F. C. Strick and Co. or some other British firm as his managing agents.

6. In short, there would seem to be no practical difficulty in bringing about the extinction of the Concession; it would appear to be merely a question of political feasibility which Government are in the best position to appraise.

It may be that the potential value of the red oxide deposit, which is difficult to gauge, is not of very great magnitude, but the political importance at the present juncture of preventing the acquisition by Germany of vested interests in the Gulf can hardly be questioned.

Inclosure 8 in No. 113*.

Memorandum regarding Antecedents and Nationality of Hassan-bin-Ali Samaiyeh, of Lingah.

ACCORDING to a Report from the Residency Agent at Lingah, who is well acquainted with the history of the family, Ali-bin-Hamad-bin-Samaiyeh was a native of Bahrein and emigrated to Lingah sixty years ago, during the Arab occupation, accompanied by his two sons Hassan and Hamad, together with many other Bahreinis.

The father and sons worked for many years as Nakhodas on board sailing-vessels to Indian and other ports, and for thirty years were treated like other emigrants by the Governors of Lingah, that is, as subjects of the local Sheikh.

The father Ali died in Lingah, and Hassan afterwards obtained a certificate of British naturalization from the Government of Bombay. In virtue of that certificate he has been considered as under British protection by the Persian authorities, and has been given the protection of the Agency.

His brother Hamad, however, is considered a Persian subject, and is only protected by the British Agency in matters in which Hassan and he are jointly concerned.

At the beginning of March 1899, when the Derya Begi retook Lingah after some fighting with the Arab Sheikh, Mahomed-bin-Khalifah, a number of claims resulted from British subjects, among which was one from Hassan-bin-Ali Samaiyeh, who, in his petition, wrote, "Thank God, I am under the protection of the British Government, and she will not allow her subjects to be oppressed." His title to protection was in both cases tacitly accepted by the local authority and action taken in pursuance of that title.

A claim in his name is included among a number of others, preferred by British subjects after the recapture of Lingah, in the list of cases submitted to His Majesty's Legation in August 1905, as outstanding against the Persian Government.

(Signed) P. Z. COX, Major,
Political Resident in the Persian Gulf.

Bushire, November 29, 1906.

Inclosure 9 in No. 113*.

Agreement respecting Red Oxide Deposits at Abu Musa, signed April 10, 1898.

(Translation.)

BE it known to all who may see this that I, Salem-bin-Sultan-bin-Sugger-el-Kasemi, let on lease all the red oxide mines situated on the Bu Musa Island to Haji Hassan-bin-Ali Samaiyeh, Abdulla-bin-Hasan, and Esa-bin-Abdul Latif, from the present date for such a period as they may wish to hold the mines provided that they should pay me 250 French dollars per annum. I have likewise arranged with them that if they wished to land "Muhar" and "Zenni" oysters in the island for commercial purposes, they should pay me landing fee at the rate of 100 dollars per annum. I have also given them permission to dig wells to supply water to their men who are working on the red oxide mines, and I will pay considerations and respects to their men who are working on the mines.

I have perhaps made out certain agreements previous to this. They do not hold good, and this agreement is to be acted upon.

Written in duplicate on the 18th Zilkedah 1315 (10th April, 1898).

(Signed) SALEM-BIN-SULTAN.

Sheikh Salem-bin-Sultan confirmed the contents of this document.

Witnesses:

(Signed) AHMED-BIN-ABDUL RAHMAN.
YUSUF-BIN-ABDULLA.
ABDUL LATIF-BIN-ABDUL RAHMAN.
AHMED-BIN-SULTAN.

Inclosure 10 in No. 113*.

Residency Agent, Shargah, to Major Cox.

January 16, 1905.

IN reply to your letter dated the 3rd December, 1904, I beg to inform you that, as directed by you, I informed the Chief of Shargah and his uncle Sheikh Salem-bin-Sultan that they should not enter into any agreement or arrangement with Robert Wonckhaus, the German merchant, before consulting the Resident, and that they have assured me that they would not engage in the matter without the knowledge of the Resident.

News reached me that the said Robert Wonckhaus visited Bu Musa Island, inspected the red oxide mines, &c., and left the island. The arrivals from Bu Musa report that Robert Wonckhaus had promised to return to the island in a few days.

Inclosure 11 in No. 113*.

Residency Agent, Shargah, to Major Cox.

January 18, 1905.

IN answer to your letter dated the 31st December, 1904, inclosing copy of a letter from the Residency Agent, Lingah, on the subject of the red oxide mines, &c., in Bu Musa Island, I beg to state that Sheikh Salem-bin-Sultan, Haji Hassan Samaiyeh, and their partners still continue their agreement which I had reported to you in my letter dated the 27th March, 1902, and I have not yet heard if any communications have been made between M. Wonckhaus and Sheikh Sagar and his uncle Sheikh Salem-bin-Sultan, whether direct or indirect.

I interviewed Haji Hassan-bin-Samaiyeh and informed him of M. Robert Wonckhaus' intentions as regards the red oxide mines at Bu Musa, and my son, Isa, being one of his partners in those mines, I impressed on Haji Hassan not to enter into partnership with the said Robert Wonckhaus or any foreign merchants. Haji Hassan agreed to what I told him.

Inclosure 12 in No. 113*.

Contract between Mr. H. C. Semey, Lingah, Owner and Holder of Bu Musa Concession, and M. R. Wonckhaus, Lingah.

HASSAN C. SEMEY agrees to deliver to M. Robert Wonckhaus, Lingah, during four years beginning with the 1st June, 1906, every year 2,000 to 5,000 tons of 20 cwts. oxide of iron of the Island Bu Musa, same quality as the 700 tons shipped by M. Robert Wonckhaus in March 1906. M. Robert Wonckhaus agrees to take at least every year 2,000 tons, and if he wants so, and there is sufficient good stuff on the island of which he approves, up to 5,000 tons yearly.

The price is fixed at 15s. 6d. per ton of 20 cwts., usual weight conditions, freight and charge free on board steamer "Bu Musa" to be weighed on board.

Hassan C. Semey gives the entire monopoly of Bu Musa oxide to Robert Wonckhaus during the terms of the contract; he is not allowed to sell or dispose of otherwise any quantity of Bu Musa during the term of this contract, but it is agreed upon that Hassan is permitted to export to India for his account during this year what he has sold already to India, and which he gives as 700 tons, and besides that every year from 1907 about 5,000 to 6,000 bags of 1 cwt. (4,000 to 5,000 [sic]).

Hassan Semey has to deliver daily alongside if in bags, 200 tons, or in bulk, 150 tons, weather permitting. Payment of every lot which is to be shipped, half the amount when the lot is ordered, and the other half when the lot is being shipped.

Advance to be paid by M. Robert Wonckhaus to Hassan, 2,000 rupees whenever Hassan calls for it, and receipt to be taken for it. This advance to remain with Hassan until the end of this contract.

Whenever this contract comes to an end, M. Robert Wonckhaus has the preference for a new contract of Bu Musa contract if he desires so, at same price and conditions, or

at any rate at the price of other serious buyer. Alone, the English text of this contract will hold good.

(Signed) ROBERT WONCKHAUS.
W. E. KIRKPATRICK.

(Signed) HASSAN-BIN-ALI SAMAIYEH
(and his partners).

(Seal.)

Copied by Sheikh Hoosain, Sub-Postmaster, Lingah.

(Signed) Sheikh HOOSAIN,
Sub-Postmaster.

Lingah, June 1, 1906.

Note.—The Residency Agent, Lingah, states that the document was in the handwriting of M. Carstein, the Representative of Herr Wonckhaus, at Lingah, whose knowledge of English is crude.

Inclosure 13 in No. 113*.

Government of India to Major Cox.

(Telegraphic.) *Calcutta, December 14, 1906.*
PLEASE refer to your letter dated the 29th November regarding Abu Musa Concession. Please furnish Arabic text of Agreement of 1898, if available.

Inclosure 14 in No. 113*.

Major Cox to Government of India.

(Confidential.) *Bushire, December 16, 1906.*
I HAVE the honour to refer to paragraph 3 of my letter, dated the 29th November, 1906, on the subject of the Abu Musa Concession, in which I mentioned that I was taking steps to ascertain what Hassan Samaiyeh meant when he said that he had "purchased the Chief of Shargah's share" in it. I have since received further news from the Residency Agent at Lingah.

2. It will be remembered that the original Concession was granted by Salim-bin-Sultan on the 10th April, 1898, during Sheikh Sagar's absence. On the latter's return from Mecca he evidently claimed to become a partner in the concession, and was admitted as such by the others, but a few months later he transferred his interest in it to one Yusuf-bin-Abdullah, who, again, was eventually bought out by Hassan Samaiyeh in December 1900. Copies of the three documents setting forth the transfers are appended with translations.

3. I also forward a copy of the original Concession of 1898, as desired in Foreign Department telegram dated the 14th instant. In submitting it I have to request that in the translation which I furnished with my letter of the 29th ultimo, the word "mensem" may be altered to "annum." The latter word is correctly given in the translation of 1898 on my record, and that fact must account for my not having noticed the clerical error when dispatching my letter just quoted.

4. The conduct of the Residency Agent at Shargah in connection with this Concession does not appear to me blameless from the first; and although he heard of the deal with Herr Wonckhaus from Hassan Samaiyeh himself in June last, he made no report of it to me; I shall, however, address Government later in this connection, if circumstances call for it.

Inclosure 15 in No. 113*.

Translations of three Documents relating to the Concession respecting Red Oxide Mines at Abu Musa.

I.

THE object of writing this documentary Agreement is that we, the persons mentioned in this Agreement, have admitted Sheikh Suggar-bin-Khaled as a partner in the Concession of the lease of red oxide mines at Abu Musa Island, which we have leased from Sheikh Salem-bin-Sultan at 250 dollars per annum, plus 100 dollars on account of ground-rent for landing Muhar and Zenni oysters, should we land any at Abu Musa Island for trade purposes. And similarly Sheikh Suggar has agreed to assist us and to endeavour with us, as far as possible, to avoid any delay in the work connected with the red oxide mines in the said island. And whatever the expenses in regard to the red oxide mine may come to it shall be borne by all the partners, and the net income shall be distributed amongst all.

This Agreement has been concluded on the above conditions, with the consent of all, so that it may not be hidden, and Sheikh Suggar has the option to withdraw from the said Red Oxide Company if he so desire.

(Signed and sealed)—

ISA-BIN-ABDUL LATIF.
ABDULLAH-BIN-HASSAN SAMAIYEH.
HASSAN-BIN-ALI-BIN-SAMAIYEH.

Witness:

(Signed and sealed)—
ABDUL LATIF-BIN-ABDUL RAIHAN.

1 Rabi II, 1316 (August 20, 1898).

II.

Let him who reads this document know that with reference to this Red Oxide Company which I joined, I have, by virtue of this document, transferred my share to Yusuf-bin-Abdullah, and it is vested in him, and he has the disposal of it.

I have no further concern in the result, whether it be profit or loss; whichever it be, it is for him.

I undertake to assist him to the best of my power should he experience difficulty. Let it be known accordingly.

(Signed) SUGGAR-BIN-KHALED.

7 Ramzan, 1316 (January 20, 1899).

III.

Yes, I, Yusuf-bin-Abdullah, have sold to Haji Hassan-bin-Ali Samaiyeh outright and completely the share in the red oxide mine mentioned in this paper, which I have acquired from Sheikh Suggar-bin-Khaled. The aforesaid share is now transferred to Haji Hassan-bin-Ali Samaiyeh, and there is left for me no claim or right therein. And I have received the sum of 400 dollars from Haji Hassan on account of the value of the share.

Let it not be hidden.

(Signed and sealed)—
YUSUF-BIN-ABDULLAH.

Witness:
(Signed and sealed)—
ABDUL LATIF-BIN-ABDUL RAIHAN.

True copy according to the original:

(Signed) HASSAN-BIN-ALI SAMAIYEH.
BADR-BIN-MAHOMED AMIN.

15 Shaban, 1318 (December 7, 1900).

Inclosure 16 in No. 113*.

Government of India to Major Cox.

(Confidential.)

Fort William, February 11, 1907.

I AM directed to address you with reference to the correspondence ending with your letter dated the 16th December, 1906, regarding the acquisition by Herr Wonckhaus of rights in regard to the red oxide deposits at Abu Musa.

2. You consider that, as it is politically important to prevent the acquisition by Germany of vested interests in the Gulf, an attempt should be made to extinguish the Concession which has been granted to Herr Wonckhaus by Haji Hassan Samaiyeh. You point out that, in view of the advice given to the Trucial Shoikhs in time past by the Residency, warning them against the grant of monopolies without reference to Bushire, the fact that an unlimited monopoly has been granted would afford the Sheikh reasonable grounds for cancelling the Concession. You also suggest that, if the Sheikh agrees to cancel the Concession, it would be unnecessary for him to introduce any reference to the instructions or advice received from the Residency, since, as the original Concession provided no time limit on either side, there is nothing to prevent the Sheikh from withdrawing it at will.

3. The Government of India are disposed to agree with you that, as Abu Musa would form a convenient site for a coaling station in the Persian Gulf, and as the Germans have paid special attention to this island, it would be advisable, if possible, to secure at an early date the cancellation of the monopoly obtained by Herr Wonckhaus. They consider that the Concession should not have been granted, having regard to the advice which was given to the Trucial Chiefs in 1898 on the subject of the grant of monopolies and to the special warning which was conveyed to the Sheikh and his uncle in February 1905, to the effect that no agreement should be made with Herr Wonckhaus with regard to the red oxide mines on Abu Musa.

I am accordingly to request that you will ascertain from the Sheikh of Shargah whether Hassan Samaiyeh had any authority from him to enter into the contract with Herr Wonckhaus, and, if so, why he acted in this matter in contravention of the known wishes of the Government of India. The Sheikh should be reminded in this connection of the fact that, but for the action of the British Government at Abu Musa in requiring the Persians to haul down their flag, the Concession could never have been worked, as the Sheikh would have had no authority on the island. The Government of India would be glad to know the result of this reference to the Sheikh and also of the advice which it is understood you have offered to Esa-bin-Abdul Latif in regard to his share in the original Concession. Should the Sheikh show no disposition to annul the Concession, and should the attempt to obtain the cancellation of the agreement with Herr Wonckhaus through Esa-bin-Abdul Latif prove abortive, the position will need to be further considered and the Government of India will be glad to receive your advice as to the action to be taken in that event. But it is hoped that means may be found through one or other of the channels suggested to render the agreement with Herr Wonckhaus inoperative.

4. In the meantime it is particularly desirable that no buildings or wharves should be constructed at Abu Musa without the consent of the Government of India.

Inclosure 17 in No. 113*.

Major Cox to Government of India.

(Confidential.)

Bushire, February 28, 1907.

I HAVE the honour to reply to Foreign Department letter, dated the 11th February, 1907, on the subject of the Abu Musa Red Oxide Concession. The communication reached Bushire after my departure on tour, but the promptness of my assistants in telegraphing the purport of it to me via Herjum enabled me to deal with it when visiting the Trucial coast on other business.

2. I submit copies of the correspondence, from which it will be seen that on ascertaining the terms of the contract neither the partner Esa-bin-Abdul Latif nor Sheikh Sagar-bin-Khalid of Shargah are willing that the agreement with Herr Wonckhaus should stand, and that the Sheikh has furthermore, in view of Hassan Ali Samaiyeh's unauthorized action, decided, for reasons of prudence, to withdraw the

Concession from the three concessionnaires, and desires to make fresh provision for the working of the red oxide mines under the advice of the Government of India. I beg to be favoured with the views or wishes of Government on this subject at an early date.

3. It is probable that Messrs. F. C. Strick and Co. would be glad to obtain facilities for exporting the red oxide of Abu Musa and their acquisition of a footing there would no doubt strengthen their hands in dealing with the Moin-et-Tujjar in connection with the Hormuz mines. They would presumably wish, under ordinary circumstances, to negotiate through their agents at Bushire, Messrs. Malcolm and Co., but the form and conditions to be adopted in any agreement entered into by them or any other British firm and the lines on which we are to proceed are questions of manifest importance in the present case, having regard to the possible contingency of the German Foreign Office interesting themselves in Herr Wonckhaus' venture; and for this reason, and in view of the committal of his interests to us on the part of Sheikh Sagar, it is clearly advisable that we should take steps to make sure that any arrangement now brought about will effectively safeguard for the future the interests both of the Sheikh of Shargah and of British trade. How this end can best be achieved is a question for the consideration of Government.

4. The letter (Inclosure 2) from the Sheikh of Shargah to Hassan-bin-Ali Samaiyeh was given by the former to Esa-bin-Abdul Latif for delivery to him, and has been sent by Esa with a private note to his friend, the Residency Agent at Lingah, asking him to deliver it to Hassan Ali and take his receipt for it.

I shall receive in due course a separate Report of the fact of its reaching its destination, and have the honour to request the advice of the Government of India as to whether, in view of Sheikh Sagar's intimation to me in his letter of 9th Moharrum (21st February), I should then take any official steps, through the Residency Agent at Lingah, to let Haji Hassan know that the Sheikh has apprised me of his decision, or to assure myself that he takes action on it.

For the present, until I receive further instructions, I shall let matters rest where they are.

5. It will be noted that the Sheikh of Shargah in his letter to Hassan Samaiyeh informs him of the annulment of the contract from date of receipt of his communication, but it may of course be taken for granted that, practically speaking, there will be nothing to prevent Haji Hassan from disposing of what red oxide he may have on hand or from letting M. Wonckhaus ship it, until Government have had an opportunity of intimating their views on this point or until a new concessionnaire appears on the scene. There need be no question, therefore, of immediate hardship or of the parties being unable to avail themselves of red oxide already mined or paid for.

Inclosure 18 in No. 113*.

Esa-bin-Abdul Latif to Sheikh Sagar-bin-Khalid.

(After compliments.)

8 Moharrum, 1325 (February 20, 1907).

I HAVE to communicate with your honour with reference to the lease which I and two partners acquired from the Government of Shargah relating to the extraction of red oxide from your Island of Abu Musa. As your Honour is aware, the document of lease was drawn up in the names of three persons, namely, your humble servant Esa-bin-Abdul Latif, Haji Hassan-bin-Ali Samaiyeh, and Abdulla-bin-Hassan Samaiyeh.

I have come to know that on the 1st June, 1906 (8th Rabi-ul-Thani, 1324), the said Haji Hassan entered into a contract with a European merchant named Wonckhaus, without consulting me, and that according to the terms of the document he bound himself and his partners in giving an absolute monopoly for the extraction of the red oxide for a period of four years. And the said Haji Hassan executed this agreement and bound himself without consulting me previous to the drawing of the deed of contract. The details of the said deed have only now reached me, and I do not agree to the terms of this contract. Accordingly I forward to your Honour a copy of the deed of contract for you to examine; kindly look into it. I beg from your Honour assistance in taking the necessary steps for the cancellation and annulment of this contract, for I am altogether unwilling to agree to this lease. Previous to this I have written to Haji Hassan Samaiyeh expressing my disagreement to this contract, but he has sent me no answer.

Finally, I am obliged to call your attention to the deed of contract, the beginning of which is as follows:—

"Contract between Haji Hassan-bin-Ali Samaiyeh of Lingah, owner and holder of the Abu Musa Concession, and M. Robert Wonckhaus of Lingah."

Now Haji Hassan Samaiyeh has no deed of authority from me giving him any general power in regard to action which he might take respecting the lease, &c.; how then has Haji Hassan the right thus to mention himself only without consulting or referring to his partners, of whom I am one? I am in consequence obliged to make a complaint on the subject to your Honour, and it is for your Honour to issue orders.

Inclosure 19 in No. 113*.

Sheikh Sagar-bin-Khalid to Haji Hassan-bin-Ali Samaiyeh.

(Translation.)

(After compliments.) *9 Moharrum, 1325 (February 21, 1907).*
I HAVE to inform you that Esa-bin-Abdul Latif has preferred a complaint to me in connection with the red oxide mines on Abu Musa, which for some years have been leased in the names of yourself and Esa-bin-Abdul Latif and your son Abdulla, according to the deed executed on the 18th Zilkadeh, 1315 (21st April, 1899). He has sent me a copy of the deed of contract in operation between you and M. Wonckhaus, and complains that you executed this contract without consulting him, and that he does not agree to the conditions written in the contract now that he has come to know them. I, too, do not agree to this contract at all, and, as for you, you had no right to give a contract in this fashion and bind yourself to give away possession of the whole of the output of red oxide mines to others for a long period and without consulting us or making the slightest reference to us. And according to our view, harm will accrue to us from the continuance of this Concession in your hands in connection with Abu Musa, and your conduct in the present case is a violation of your duty towards us.

Accordingly it appears to us advisable to withdraw the document of Concession from you, and we now inform you accordingly by this letter, so that you may realize that the contract between us has terminated. You have no longer any right of enjoyment* in regard to the mines of Abu Musa.

(Seal of Sheikh Sagar-bin-Khalid.)

Inclosure 20 in No. 113*.

Sheikh Sagar-bin-Khalid to Major Cox.

(Translation.)

(After compliments.)

I AM obliged to address your Honour in the following connection:—

On the 18th of the month of Zilkadeh, 1315 (the 10th April, 1898), a contract was concluded between us and three persons, namely, Hassan-bin-Ali Samaiyeh, and Abdullah-bin-Hassan, and Esa-bin-Abdul Latif, for the lease of the red oxide mines in our Island of Abu Musa, and the basis of the contract was a yearly one. They were to pay us a sum of 250 dollars annually.

Up to now we have not experienced anything prejudicial from them, and have been taking from them every year the amount of the rent, and the parties mentioned have themselves been dealing with the work.

But as it appears a short time ago something took place which we consider to be harmful to us, and inclosed in this letter we send your Honour a copy of the letter which has reached us from Esa-bin-Abdul Latif, who is one of the partners, the purport of which is that he complains of the action taken by Haji Hassan Samaiyeh, and sends us a translation of a deed of contract wrongfully passed by Haji Hassan Samaiyeh to the merchant named Wonckhaus. We are apprehensive of the results of such a contract, and do not agree to it, and for this reason we have decided upon the withdrawal of our document (of concession) from the said lessees, and its annulment.

And whereas Haji Hassan Samaiyeh is a subject of the British Government, we forward to your Honour a copy of the letter which we have written to the said Haji Hassan for your information.

In conclusion we beg you to consult the Imperial Government, and request their views as to the best means of assuring to us in future the full benefits from the red oxide mines within our territory. (We will act) according to your view.

Inclosure 21 in No. 113*.

Major Cox to Government of India.

(Telegraphic.)

Bushire, March 21, 1907.

PLEASE refer to my despatch dated 28th ultimo.

Lingah concessionnaire, writing as British subject, has sent me copy of the Sheikh of Shargah's letter, and asks my intervention in his behalf.

Residency Agent reports that in doing this Hassan has acted on the advice of Mr. Brown, agent of German firm at Lingah. I propose to reply, subject to the views of Government, that I have also received representations from the Sheikh of Shargah, and am referring the matter to Government.

It is stated on good authority that a German steamer which is expected from Bussorah in a few days intends visiting Abu Musa and taking in cargo.

Inclosure 22 in No. 113*.

Government of India to Major Cox.

(Telegraphic.)

Simla, April 8, 1907.

ABU MUSA.

Please see your telegram dated 21st March.

Your proceedings are approved by Government of India. Hassan Samaiyeh may be informed as proposed, and you may add that the case does not appear to be one in which you are called on to intervene. Question of arranging new contract with Messrs. Strick or others does not press, and it will be desirable in any case that the new contract should not come into force until the end of this year. This will allow of Wonckhaus fulfilling any subsidiary contracts that he may have made for supply of red oxide. It might perhaps be better for the Sheikh not to grant a monopoly of purchase to any one, the owners merely extracting the ore and selling to shippers. You should be careful to assume no responsibility for action already taken by the Sheikh, but he should be advised to show you draft of any new contract which he may propose to grant.

Inclosure 23 in No. 113*.

Mr. Bill to Government of India.

(Telegraphic.)

Bushire, May 21, 1907.

I HAVE to report—

1. Sheikh of Shargah has sent men to Abu Musa Island to stop further mining operations by concessionnaires' men.

Though this action is a natural corollary of resumption of Concession, it may precipitate developments.

2. Messrs. Strick have, resuming their former intentions, instructed their Bushire agent to forward sample of this oxide, and in later telegram have inquired whether he can arrange for purchase of trial shipment of 400 tons, if necessary.

I think that, pending further hint from His Majesty's Government, it might be well if Messrs. Strick, London, were asked to postpone negotiations.

I request that, if possible, telegraphic instructions may be sent to me by night of 25th, if Government of India desire me to take any special line in regard to 2 or not, above reported.

* The word used is "Tasarruf" = use, possession, enjoyment, occupancy, or control.—P. Z. Cox.

Inclosure 24 in No. 113*.

Government of India to Major Cox.

(Telegraphic.)

Simla, May 24, 1907.

PLEASE see your telegram dated 21st instant regarding Abu Musa.

Messrs. Strick's Bushire agent may be asked to inform his principals that it would be convenient if they deferred any action with regard to the Abu Musa oxide mines for the present. India Office will doubtless communicate with Messrs. Strick, as we are addressing them on the subject.

[25017]

No. 115.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 27.)

(No. 200.)

(Telegraphic.) P.

Gulahek, July 27, 1907.

GERMAN banker, Herr Gutmann, asserts, as I am informed by French and Russian Ministers, that at every step I opposed German Bank Concession.

This statement is absolutely false.

All I did was to reserve our rights, keeping German Minister informed of each step I took. Most friendly assurances as to objects of German Bank Concession have been given to Russian Government by German Ambassador in St. Petersburg.

I am sending full report by messenger.

[25019]

No. 116.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 27.)

(No. 201.)

(Telegraphic.) P.

Gulahek, July 27, 1907.

PERSIAN telegraphs.

I have seen M. de Hartwig. He told me there is now a proposal for surrender to Russia of English rights in Kermanshah-Tehran line. I observed that both Legations should preserve the *status quo*, e.g., in Seistan, until the general arrangement was concluded. He concurred, and said that in the matter of the Seistan extension he had taken no steps whatever, nor did he believe it possible for the Russian Bank to take steps without his knowing it.

I accordingly informed Attabek that if any steps were taken for construction without our knowledge and consent I should hold the Persian Government responsible, the Russian Minister having denied any wish to interfere in the matter. I also warned his Highness that publicity had already been given to the affair.

[25379]

No. 117.

Mr. O'Beirne to Sir Edward Grey.—(Received July 29.)

(No. 130.)

(Telegraphic.) P.

St. Petersburg, July 29, 1907.

I COMMUNICATED to-day to Minister for Foreign Affairs the *aide-mémoire* in regard to the Persian Gulf, with modifications indicated in your telegram No. 115 of 26th instant. M. Isvolsky did not make any comments.

[25380]

No. 118.

Mr. O'Beirne to Sir Edward Grey.—(Received July 29.)

(No. 131.)

(Telegraphic.) P.

St. Petersburg, July 29, 1907.

IN accordance with the instructions contained in your telegram No. 116 of the 26th instant, I spoke to-day to M. Isvolsky on the question of the Seistan-Robat telegraph line. He had no knowledge of reported loan, but will examine the question, and is telegraphing for information to Russian Minister at Tehran.

[24784]

No. 119.

Foreign Office to India Office.

Sir,

Foreign Office, July 29, 1907.

I AM directed by the Secretary of State for Foreign Affairs to inform you that he has given the most careful consideration to the views of Mr. Secretary Morley upon the question of the line of delimitation of the Russian zone in Persia from Kakh to the intersection of the three frontiers in the neighbourhood of Zulficar, as reported in your letter of the 24th instant.

[1521]

2 B

I am to remind you that the line defining the proposed British zone in Persia was communicated to the Russian Government after full discussion between the two Secretaries of State, and was accepted by them.

Sir E. Grey is unable therefore, at this stage of the negotiations, to consent to reopen this question with a view to an extension of the British zone in Persia, inasmuch as it would present an opportunity to the Russian Government to renew discussion on any other point already settled which might be regarded by them as prejudicial to Russian interests. He will, however, instruct His Majesty's Ambassador at St. Petersburg to press for a straight line from Kakh to the intersection of the frontiers as the limit of the Russian zone, but in the event of Sir A. Nicolson failing to obtain this line, he would not be disposed to allow an insistence upon this point to wreck an Agreement which presents many solid advantages to Great Britain in other directions.

I am, &c.
(Signed) LOUIS MALLET.

[25419] No. 120.

India Office to Foreign Office.—(Received July 30.)

Sir.
IT will be in the recollection of the Secretary of State for Foreign Affairs that in October last a sum of 100,000*l.*, of which 50,000*l.* were provided from India and 50,000*l.* from British revenues, was paid to the Imperial Bank of Persia for the purposes of the joint advance of an amount not exceeding 200,000*l.*, which it had been agreed between His Majesty's Government and the Russian Government should be made by them to the Persian Government in certain contingencies and subject to certain conditions. In December last, at the request of the Foreign Office, a further sum of 50,000*l.* was paid to the Imperial Bank from Indian revenues for the purposes of a similar joint advance of an amount not exceeding 100,000*l.* to be made to the Valiahd to meet the pressing financial demands of the situation created by the then impending death of the Shah.

The occasion for making the advances contemplated in the arrangement arrived at with the Russian Government has not arisen, and, so far as Mr. Secretary Morley is aware, there is no immediate likelihood of the advances being required. Meanwhile, the sum of 100,000*l.* advanced from Indian revenues is not available for the temporary loans in the London market, which the Secretary of State in Council makes from the balances he holds in this country. The consequent loss is estimated at the rate of about 3,000*l.* per annum.

In these circumstances, the arrangements for the advances having been made by the Foreign Office with the Imperial Bank, Mr. Morley would suggest that the Bank might be requested to re-transfer the amounts provided from Indian revenues to the Secretary of State in Council.

There will be no difficulty, I am to add, should the occasion arise, in providing at a very few days' notice any sums it may be decided to advance to the Persian Government in pursuance of the agreement with the Russian Government.

I have, &c.
(Signed) A. GODLEY.

[25468] No. 121.

India Office to Foreign Office.—(Received July 30.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 27th July, relative to the Khanikin-Tehran telegraph line.

India Office, July 30, 1907.

Inclosure in No. 121.

Government of India to Mr. Morley.

July 27, 1907.

(Telegraphic.) P. PERSIAN telegraphs. Please see your letter to Foreign Office, dated the 8th June last, as to surrender of British rights over telegraph line between Tehran and Khanikin, in return for the assistance of the Russian Government in renewal of Indo-European Telegraph Department concessions which lapse in 1925. If there is no objection, we should be glad to be informed what decision has been arrived at on this proposal. Suspicion that Russia had arrived at an understanding with Germany as to south-western Persia would be strengthened if she has refused a concession which, *prima facie*, is so much to her advantage. Rumours in "Standard" and other newspapers that commencement of construction of the line from Bagdad to Khanikin is to be taken in hand, together with fact that German Bank concession in Persia has been approved by Assembly, seem to support the information adverted to in my telegram of 19th instant, as having been received from local German source. The fuller information which His Majesty's Government possess may perhaps be such as to relieve us from the apprehension we entertain of German intrusion. We venture therefore to make the present inquiry.

[25381]

No. 122.

Sir N. O'Conor to Sir Edward Grey.—(Received July 30.)

(No. 97.)

(Telegraphic.) P.

Constantinople, July 29, 1907.

HAVING received a telegraphic report from His Majesty's Consul-General at Bagdad to the effect that, on the ground of alleged insecurity in Persia, Turkish subjects and transport animals had been prohibited from crossing the Persian frontier, I called on the Grand Vizier, who has ordered the removal of the objectionable prohibition by telegraph.

[25462]

No. 123.

Sir C. Spring-Rice to Sir Edward Grey.—(Received July 30.)

(No. 202.)

(Telegraphic.) P.

Gulahek, July 30, 1907.

TELEGRAPHIS. My telegram of the 23rd instant, No. 192.

Telegram from Vice-Consul at Seistan states nothing known locally of Russians acquiring land: he does not think Russians can obtain control of the several roads by which line from south can be taken to telegraph office.

No indication of work being begun.

[25533]

No. 124.

Treasury to Foreign Office.—(Received July 31.)

Sir,

Treasury Chambers, July 30, 1907.

IN reply to Mr. Langley's letter of the 23rd instant, I am to request you to inform Secretary Sir Edward Grey that, in view of the circumstances therein represented, the Lords Commissioners of His Majesty's Treasury acquiesce in the proposal that no further action should be taken in pressing upon the Persian Government the claim arising out of the injuries sustained by Lieutenant-Colonel Douglas and Captain Lorimer whilst travelling in Luristan.

I am, &c.

(Signed) G. H. MURRAY.

[25513]

No. 125.

Messrs. Lynch Brothers to Foreign Office.—(Received July 31.)

3, Salters' Hall Court, Cannon Street,
London, July 30, 1907.

Sir,
IN reply to your letter of yesterday's date, we should be pleased to supply you with full information as regards dimensions and requirements of our steamers on the Karun, and also as to the conditions as regards navigation which ought to be fulfilled by any scheme of irrigation. But this can be done much better here than at Ahwaz, as our Ahwaz agent is at present in London on leave of absence, and his *locum tenens* at Ahwaz is new to the post. We shall be obliged if you will kindly endeavour to make an appointment with Mr. H. F. B. Lynch next week, as there are some considerations in connection with the scheme which we should wish to place before you.

I have, &c.
(Signed) LYNCH BROTHERS.

[24366]

No. 126.

Sir Edward Grey to Sir C. Spring-Rice.(No. 133.)
Sir,*Foreign Office, July 31, 1907.*

WITH reference to your telegram No. 163 of the 1st instant, I transmit to you herewith copy of further correspondence which has passed with the Imperial Bank of Persia respecting their claims against the Persian Government.*

I have to request you to continue to press for a settlement, pointing out the serious situation in which the Bank will be placed, as explained in their letter of the 20th instant, should there be further delay in the repayment of the sums advanced in excess of the amount allowed under the Charter.

I am, &c.
(Signed) E. GREY.

[24336]

No. 127.

Foreign Office to Imperial Bank of Persia.

Sir,
I LAID before Secretary Sir E. Grey your letter of the 20th instant relative to the indebtedness of the Persian Government to the Imperial Bank of Persia.

I am directed to remind you that, as you were informed on the 4th instant, His Majesty's Minister at Tehran has recently urged upon the Persian Government the payment of the claims of the Bank.

A copy of your letter now under reply will, however, be forwarded to him with instructions to point out to the Persian Government the serious situation in which the Bank will be placed should they further delay repayment of the sums advanced to them in excess of the amount allowed under the Charter and to continue to press for a settlement.

I am, however, to state that to endeavour at the present moment to force upon them a definite arrangement of the kind suggested in your letter would either precipitate the bankruptcy of the country, with the possible consequence of foreign intervention, or would compel Persia to accept financial aid elsewhere at the cost of still further pledging such securities as may still be available.

I am, &c.
(Signed) LOUIS MALLET.

* Nos. 94 and 128.

[25977]

No. 128.

*India Office to Foreign Office.—(Received August 3.)**India Office, August 3, 1907.*

Sir,
I AM directed by Mr. Secretary Morley to inclose, for the consideration of the Secretary of State for Foreign Affairs, copy of a telegram from the Viceroy, suggesting that, in view of the appearance of plague in Afghanistan, a proposal to transfer to the Government of India the control of all quarantine measures on the eastern frontier of Persia to the south of Zulficar should be included in the scope of the pending negotiations with the Russian Government for an Agreement concerning Persia.

Copy of a telegram to the Viceroy, asking for more precise information as to the extent to which plague actually prevails in Afghanistan, is also inclosed.

Mr. Morley will be glad to be informed whether, in Sir E. Grey's opinion, it is desirable at the present moment to approach the Russian Government on the subject. Under the terms of the draft Convention it would apparently be as inconsistent with the spirit of Article II for us to claim control of quarantine in the Russian zone as it would be for Russia to claim similar control in our zone. The question remains, however, of the quarantine arrangements in the neutral zone, the area of which will depend on the decision arrived at as to the limits of the British and Russian zones discussed in my letter of the 24th July, 1907. As regards Karez, the matter apparently stands as it was left by the communication to the Russian Government reported in Sir A. Nicolson's despatch No. 342 of the 24th June last, which stated that His Majesty's Government would raise no objection to the continuance of the Russian sanitary post there if the Russian Government agreed to our view as to the quarantine system in the Gulf. In Mr. Morley's opinion it would be of great advantage in the interest of communications between Persia and Afghanistan on this part of the frontier that the quarantine arrangements in the neutral zone should be as far as possible in the hands of British medical officers.

A further communication will be made to you on the receipt of the despatch of the 18th July referred to in the Viceroy's telegram, which may be expected to arrive next week.

I am, &c.
(Signed) A. GODLEY.

Inclosure 1 in No. 128.

Government of India to Mr. Morley.

(Telegraphic.) P.

July 29, 1907.

QUARANTINE on the eastern frontier of Persia.

A despatch on this subject, under date of the 18th July, has been addressed to you. In it we urge that, having regard to appearance of plague in Afghanistan, it is desirable, if possible, to arrange with Russians for all quarantine measures south of Zulficar being transferred at the earliest convenient date to our charge. Russians will certainly not consent to entertain the idea of such a transfer if negotiations are not commenced till plague becomes a serious danger to their territory, and we shall find that their quarantine posts along the Perso-Afghan border will increase, not only in number, but in permanence.

Danger would then arise that, so far as the Perso-Afghan border is concerned, the proposed Anglo-Russian Agreement would practically be nullified. We would suggest that the scope of the pending negotiations about Persia should be extended to include question of this quarantine, the Russian Government being given assurances that we are prepared to entertain a preventive establishment equal in efficiency to that which they now maintain, namely, three medical officers of superior standing, who would be stationed respectively at Karez, Turbat, and Birjand, together with an executive officer for supervision of Persian officers and sowars of the quarantine cordon, his functions being similar to those exercised at Karez by the present Cossack officer.

Inclosure 2 in No. 128.

Mr. Morley to Government of India.

(Telegraphic.) P.

QUARANTINE on eastern frontier of Persia.

Your telegram dated the 29th ultimo does not make it clear whether, if proposal recommended by you is made to Russian Government, it should be treated as measure of precaution against possible contingency which has not yet occurred, or whether it should be based on immediate necessity for more effective quarantine, owing to spread of disease in Afghanistan. I should be glad to know what is latest information as to existence of plague in Afghan territory.

[25966]

No. 129.

India Office to Foreign Office.—(Received August 3.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 1st August, relative to the Khanikin-Tehran telegraph.

India Office, August 3, 1907.

Inclosure in No. 129.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, August 1, 1907.

TEHRAN-KHANIKIN telegraph: Your telegram dated the 27th ultimo.
Please refer to telegram of the 21st June to His Majesty's Ambassador at St. Petersburg, forwarded with letter dated the 28th June from Political Secretary, India Office. When the further instructions reported in my telegram of the 9th ultimo were given him, Sir A. Nicolson had taken no definite action on telegram of the 21st June beyond mentioning matter to Russian Government. Pending consideration of questions raised in your telegrams of the 17th and 19th ultimo, communication to Russian Government in sense stated in my telegram of the 9th ultimo has been postponed. His Majesty's Government have no authentic information pointing to an understanding regarding South-West Persia between Germany and Russia.

[25990]

No. 130.

Sir C. Spring-Rice to Sir Edward Grey.—(Received August 3.)

(No. 203.)

(Telegraphic.) P.

Gulahek, August 3, 1907.

WITH reference to a telegram received from Constantinople dated the 30th ultimo, I am informed by the Atabeg of the occupation of Mergawer by Turkish troops.

[26593]

No. 131.

Sir Edward Grey to Sir N. O'Conor.

(No. 86.)

(Telegraphic.) P.

Foreign Office, August 3, 1907.

A TELEGRAM from Persian Government to the following effect was communicated by instruction to-day by the Persian Chargé d'Affaires:—

Information from Urumia and Tabreez has reached Persian Government by telegraph that the Persian frontier was crossed by Turkish troops with guns within

the boundaries of Oroumieh, close to Persian camp, to the west of the village of Touli, and established there for punitive purposes.

Three hours were given to the Persians in which to evacuate camp, with a threat of extermination in case they did not comply. Turks fired on camp, although Persians obeyed at once. Abandoning their tents, the Persians then left.

A request for intervention has been made to His Majesty's Government by Persian Government.

Having conferred with your Russian colleague, representations should be made to the Sublime Porte.

(Repeated to Tehran and St. Petersburg.)

[26003]

No. 132.

Sir C. Spring-Rice to Sir Edward Grey.—(Received August 5.)

(No. 204.)

(Telegraphic.) P.

Gulahek, August 5, 1907.

QUARANTINE in Gulf and Seistan telegraph extension.

I am informed by M. Hartwig that a complaint has been made at St. Petersburg as to his action in regard to these questions. May I ask what were the terms of your instructions, and the reply? He assured me that the Russian Bank has made no advance for the purpose of telegraph construction, repeating that he had no knowledge of the action imputed to him (see my telegrams Nos. 199 and 201 of the 26th instant).

[26026]

No. 133.

Sir C. Spring-Rice to Sir Edward Grey.—(Received August 6.)

(No. 139.)

Sir,

Gulahek, July 8, 1907.

I HAVE the honour to transmit the accompanying copy of a despatch from His Majesty's Consul-General at Bushire, drawing attention to a passage in my despatch to you, No. 19, Confidential, of the 29th January last, in which I reported his having suggested that "a British engineer should be appointed to take charge of the road" from Ahwaz to Ispahan.

Major Cox points out that this passage does not correctly represent the suggestion actually put forward by him in regard to the engagement of an engineer by the Bakhtiari Khans to supervise the road.

I have accordingly expressed to him my regret at the unintentional misinterpretation of his proposal, and venture to express the hope that you will do what is possible to correct any wrong impressions that may have been thereby created in other quarters.

I have, &c.

(Signed) CECIL SPRING-RICE.

Inclosure in No. 133.

Major Cox to Sir C. Spring-Rice.

(Confidential.)
Sir,

Bushire, June 9, 1907.

I HAVE the honour to inform you that I have just received from the Government of India a printed copy of your despatch No. 19, Confidential, dated the 29th January last to the address of His Majesty's Secretary of State for Foreign Affairs, in the fourth paragraph of which I am referred to as suggesting that "a British engineer officer should be appointed to take charge of the road" from Ahwaz to Ispahan.

The only suggestion which I can remember having made in this connection was contained in paragraph 3 of my letter of 4th January to the Government of India, of which a copy was forwarded to you under my despatch of the same date, and I fear

that it must have been misunderstood, as it differed widely from that attributed to me. It ran as follows:—

" . . . 3. Short of the entertainment of that scheme I can only suggest, as a middle course, that the Bakhtiaris should be advised to engage, on a carefully drawn contract through the Government of India or His Majesty's Legation, a competent engineer, to superintend, as their employé and on their behalf, the upkeep of the road and the concentration of supplies along it."

If, as I think, there has been a mistake, I shall esteem it a favour if you will be so kind to apprise His Majesty's Secretary of State of it, as I am naturally anxious that the wrong impression, which I fear must have been created by my supposed suggestion and your own comment on it, may be removed.

I regret that owing to the interruption of land communication between us, which has of late deprived me of the privilege of seeing some of your despatches in transit, I have to trouble you with this reference after such a lapse of time.

I have, &c.

(Signed) P. Z. COX, Major, British Resident in the Persian Gulf, and His Britannic Majesty's Consul-General for Fars, Khuzistan.

[26027]

No. 134.

Sir C. Spring-Rice to Sir Edward Grey.—(Received August 6.)

(No. 140. Confidential.)

Sir,

Gulahek, July 9, 1907.

THE Moin-ut-Tujjar, a leading member of the Medjlis, during a recent call at this Legation, informed me that the Russian Minister had stated to the President of the Assembly that the British were engaged in fomenting an alliance between the Sheikhs of Koweit and of Mohammerah, with a view to the latter's independence. The Ala-es-Saltaneh, Minister for Foreign Affairs, informed me subsequently that the Russian Minister had called his serious attention to the reports which he had received from Mohammerah, warning him that the English were showing activity in the Gulf, and that it was not only from the north that Persia was threatened. The Atabeg, from whom I inquired whether he had received any alarming news from South-Eastern Persia, told me that the Russian Minister had spoken to him of the proceedings of the Sheikh, but he added that M. de Hartwig did not mention the English as instigators.

On hearing of this, I at once telegraphed to Bushire to inform the Consul-General of the nature of the Russian Minister's assertion, and to ask him whether there was any foundation for it. The reply was to the effect that the accusation was entirely groundless; that Sheikh Mubarak frequently visited Mohammerah without warning the Political Agent, and that there was nothing unusual in Sheikh Khazzal's punitive expedition against the Beni Turuf, who were frequently in revolt.

On receipt of this information I addressed to the Ala-es-Saltaneh a private note, copy of which I have the honour to transmit to you herewith.

The matter may now, I trust, be considered as at an end.

I am inclined to attribute the incident, as well as the covert opposition which I understand is being continuously offered to all proposals of British origin in connection with quarantine in the Gulf, to the influence of M. Passek, nominally Russian Consul-General at Bushire, who is now acting as Counsellor to the Russian Legation. This gentleman has long been known for his bitter hostility to everything English, of which, indeed, he makes no secret whatever.

M. Somow, a member of the Russian Diplomatic Service, who was lately Chargé d'Affaires here, and whose conduct was in conformity with general diplomatic usage, has taken his departure.

M. Passek is supposed to be awaiting his appointment as Russian Minister in Abyssinia, or, if M. de Hartwig received promotion, as Minister at Tehran. He is said to enjoy powerful protection, and, according to Russian usage, to carry on a correspondence on his own account with influential officials in St. Petersburg. He is particularly interested in all questions connected with the Gulf, where he hopes to see British influence combated and neutralized by German opposition. M. Ozveensko, Russian Consul at Bunder Abbas, whose proceedings I have already brought to your

notice, is an object of his particular interest. His language to foreign colleagues, and even to myself, is characterized by great frankness, and his continued presence here is hardly compatible with really cordial relations between the two Legations. I venture, however, to add that it would, in my opinion, be undesirable to make any communication to the Russian Government on the subject for the present as M. Passek is very probably regarded as a useful check on M. de Hartwig and as providing a valuable source of information and advice with regard to affairs in Southern Persia.

I have, &c.

(Signed) CECIL SPRING-RICE.

Inclosure in No. 134.

Sir C. Spring-Rice to Ala-es-Saltaneh.

(Private.)

Your Highness,

Gulahek, July 5, 1907.

WITH reference to the rumours which you lately mentioned to me on the subject of a supposed alliance between the Sheikh of Koweit and the Sheikh of Mohammerah, and also as to the supposed intention of the latter to revolt against the Persian Government, I have the honour to inform your Highness that, according to a telegram which I have received from Bushire, there is no ground for supposing such rumours to be true.

The Sheikhs of Mohammerah and Koweit have been for some time in the habit of making each other friendly visits, and the operations now being carried on by the Sheikh of Mohammerah against the Beni Turuf, who are frequently in revolt, are of constant occurrence, and there is nothing unusual in his undertaking such measures.

I will not fail to inform your Highness of any news which reaches me from Mohammerah. At the same time I venture to remind your Highness that the Sheikh is on intimate terms with the Serdar Mukarrem, Governor of Arabistan, who will be in a position to give the Persian Government the latest intelligence as to the Sheikh's proceedings. I am at a loss to understand why the Persian Government or any one else should entertain doubts as to the loyalty of the Sheikh of Mohammerah to the Persian Government.

I need not say that if, in your opinion, I can do anything to assist in the maintenance of order, I shall be delighted to put my services at the disposal of His Majesty the Shah.

(Signed) CECIL SPRING-RICE.

[26028]

No. 135.

Sir C. Spring-Rice to Sir Edward Grey.—(Received August 6.)

(No. 141. Confidential.)

Sir,

Gulahek, July 12, 1907.
I HAVE the honour to submit some observations on the subject of the Imperial Bank of Persia.

Its position here is somewhat remarkable, as it is practically the only purely commercial enterprise which has been able to continue its existence in Persia without foreign support. You are aware of the disastrous conclusion of the many Belgian commercial enterprises, as well as of the Tobacco Régie and the Reuter Concession. The Tehran branch of the Russian Bank of Moscow, which was a private concern, failed and was withdrawn, and the existing Russian "Banque des Prêts" is dependent on the Russian State Bank; it publishes no accounts, but is known, as far as its local business is concerned, to be practically insolvent.

According to the opinions which have reached me from various quarters, the continued existence of the bank depends in a great measure on the personal qualities of its Manager, Mr. Rabino.

I regret to state that the difficulties of his position, which are sufficiently great in themselves, are aggravated by the attitude of the London management.

At the commencement of the popular movement the Chief Director, Sir Lepel Griffin, made a public statement in which he commented severely on the attitude of the Constitutional party, and, as this statement was published and circulated here, it gave

rise to the impression that the bank was hostile to the new order of things. Subsequently you were able by your personal intercession to persuade the Directors not to insist on an order which they had telegraphed to Mr. Rabino to force all the bank's debtors who were promoters of the National Bank to discharge their liabilities at once. I need hardly point out that in the present state of public opinion the open hostility of the Imperial Bank to the national movement would result in serious consequences for their note circulation and for their general position in the country.

You, Sir, will also recollect that you again intervened in order to point out to the London Directors that their orders to Mr. Rabino to offer their services to the Attabek, in order to negotiate a loan, on the basis of a surrender of the Southern Customs to immediate British control, was inopportune and would not receive the support of His Majesty's Government. Such an offer if made would have seriously alarmed the Persian Government, and would have been construed as an act of bad faith by the Russian Minister.

Another serious consideration which I venture to submit is the attitude of the Directors to their staff. The success of the bank in Persia depends largely on the personnel employed here. Unfortunately the relations of the Directors with their Persian staff are notorious. The staff is deeply dissatisfied, and several important resignations have taken place, among which the most unfortunate for the reputation of the bank was that of Mr. McLean, who enjoyed the highest consideration here. Recently, as you are aware, contrary to the advice of Mr. Rabino, the Directors appointed to the responsible post of Kermanshah a man who had been for some time in close personal relations with M. Passek, a Russian official of notorious anti-British sympathies; this Mr. Soane appears, indeed, to have served as a sort of intelligence officer to M. Passek.

A recent incident which Mr. Rabino was instructed to bring to my knowledge is, I regret to say, of an even graver character. I have had the honour to report the intense popular excitement in Tehran on the eve of the Shah's birthday by the proceedings of His Majesty's Agents in Tabreez. I described the universal prohibition imposed by the people on all citizens of the capital with regard to illuminations, and the pressure which was put on Mr. Rabino to countermand the illumination of the Imperial Bank. In accordance with an urgent message sent by the Attabek himself, Mr. Rabino complied with the popular request, and, like all other buildings in Tehran, the Imperial Bank remained that night in darkness. It is obvious that had Mr. Rabino taken any other course the results might have been serious.

Mr. Rabino reported the incident to his Directors, who, in a reply which they officially addressed to him, described his proceedings as "discreditable," and demanded explanations as to why he had not telegraphed for their orders.

The incident took place on a Sunday; immediate action was necessary, and to have awaited a wire from London might have led to a disastrous delay.

I fear that if the Directors of the Imperial Bank continue to pursue their present policy with regard to their staff, and in general with regard to Persian affairs, the consequences may be as disagreeable to the bank as they will certainly be detrimental to British interests here.

I am of course unable to judge whether or how far a warning could be usefully addressed to the Directors. But, with regard to Mr. Rabino, I desire to indorse most warmly the opinions already officially expressed by my predecessors in this Legation. His assistance and advice has been of continued use to me, and I consider that the policy which he has followed in Persia has been of great service to British interests. I venture to add that a public recognition of his services is fully merited, and would have an encouraging effect on the staff of the bank.

I have, &c.
(Signed) CECIL SPRING-RICE.

[26030]

No. 136.

Sir C. Spring-Rice to Sir Edward Grey.—(Received August 6.)

(No. 143.)
Sir,

I HAVE the honour to state that, on receipt of your despatch No. 5, Treaty, of the 22nd May last, I requested the Minister for Foreign Affairs to inform me whether it was in conformity with Persian usage that the King's letters to the Shah should be presented through the Foreign Office, or personally by myself.

His Highness replied, fixing a time when the Shah would be pleased to grant me an audience in order to present the Royal letters.

I was accordingly received by His Majesty on the 6th instant.

For certain reasons, which I venture to submit to you, sir, I thought it advisable to take advantage of the opportunity of this formal audience to make serious representations to His Majesty as to the situation in Persia.

As is more fully set forth in the monthly summary, one of the principal Mujtehids has taken "bast," with a certain number of followers, in order to protest against the Constitution and the Assembly. His demands include the expulsion of the more prominent members, and the practical restoration of the old régime. He receives a heavy subsidy, about 100*l.* a-day, and this is universally believed to come from the Shah's own Treasury. The natural result is that public opinion is greatly exasperated, and that the Shah is daily becoming more unpopular. In addition to these facts, it is generally believed that the Shah is surrounded by courtiers of the old stamp, who are anxious to fill their pockets with the proceeds of the national revenue, or of a foreign loan, and who rightly regard the continued existence of the Assembly as an insurmountable obstacle to their designs. These persons enjoy the Shah's entire confidence, to the exclusion of his legitimate advisers.

The Atabeg, who has no great affection for popular institutions, but who is quite aware of the dangerous situation in which he himself is placed as the Shah's nominally responsible adviser, sent me a message to the effect that he hoped I would speak to the Shah frankly; such language, he said, could only do good.

Accordingly, when I had presented the King's letters to the Shah, I requested His Majesty to accord me the honour of a private audience. The Shah consented with apparent willingness, and all present withdrew, leaving His Majesty alone with myself and Abbas Ghuli Khan.

I said that since His Majesty's accession various unpleasant incidents had occurred, which I had been obliged to report to you: the Legation courier had been twice stopped and robbed, our Consulate had been forcibly occupied and fired into, our merchants had been pillaged, a Consulate gholam in uniform had been publicly beaten. I did not, however, propose to trouble His Majesty with these incidents, which were being dealt with by his Ministers. What I desired to bring to His Majesty's notice was the general state of his Empire, of which these incidents were the outward sign. My Sovereign, as he knew, had the keenest interest in the Shah's welfare and prosperity, and the interests of Great Britain were closely bound up with those of Persia.

From this point of view it was my duty to represent to His Majesty the news which had reached me from various quarters, representing him as covertly working against those popular institutions which were largely due to his own Imperial will. My Government had no concern whatever with the form, constitutional or other, of the Persian Monarchy as long as that monarchy was strong and revered. But I thought the existence of these rumours, although I was sure they were false, was a serious danger to the stability of the throne and to the maintenance of its authority. I had been for some years in Russia. I had watched the growth of the revolutionary feeling, and I recognized in Persia the familiar symptoms. There was abundant evidence that the movement had spread from the Caucasus to northern Persia. It would be guided here by the same object as that of the parent Societies of Russia, that is, to compass the destruction of the Sovereign and his officials, having first, however, secured the popular sympathies; and in this object the revolutionary Societies had the strongest allies in the so-called friends of the Sovereign, who advised him to take such action as would render him an object of detestation. His Majesty was aware how his father's so-called friends had enriched themselves and had impoverished and ruined the monarchy. The same influences were still around the throne. Their action was directed against the institutions to which the Shah had sworn allegiance. The whole odium of their proceedings fell upon their Sovereign, and the whole advantage would be reaped by those whose main object was the Sovereign's destruction.

The Emperor of Russia was in a position to take what action he liked; he had a full treasury and a numerous and devoted army. The Sultan of Turkey had an unassailable position as Khalif. The Shah had none of these advantages, and yet he was encouraged to provoke a danger which he could not meet on equal terms. With what weapon could he fight? and if he began the unequal contest, who would profit?

It was said by some that foreign Governments were so deeply interested in the preservation of the Shah's authority that, if it were seriously imperilled, they would intervene to save it. I warned him most seriously against counting on foreign aid in